

By John Young

There have been no clandestine arrangements at all. John Biffen (Secretary of State

Mr John Smith, Opposition spokesman on trade, will seek to raise the issue in the Commons today. In a radio interview yesterday he claimed that Mr Rowland was seeking to avoid the law, and that the Government's "supine silence" was "very disturbing".

In a leading article in *The Observer* yesterday, the editor, Mr Donald Trefford, said that since his newspaper had urged

But Mr George Jerrom, the National Graphical Association officer responsible for Fleet Street, said his main concern was for the continued employment of his union's members and the continued publication of the newspaper.

"Only rich men or giant conglomerates have the facility of owning newspapers anyway", he said.

Letters, page 13

A resolution condemning the council for entering into the arrangement and for flying the flag of an organization "devoted to the destruction of the Jewish state and using terror against civilians" was passed.

By Donald Macintyre
Labour Staff

The decision to intensify industrial action was taken at a meeting of the unofficial National Ports Shop Stewards' Committee in Liverpool on Saturday.

Delegates called for a meeting of the Transport and General Workers' Union national docks and waterways committee, and for the national docks' delegates' conference to be reconvened.

It last met six months ago and was on the verge of calling a national dock strike when a dispute was resolved.

Photograph by Chris Ball

Spectators studying radio-controlled sailing models in the swimming pool at the London Dinghy Exhibition at Pickett's Lock, yesterday.

Gale-force winds swept the dreds of acres of South-east of England, the were flooded.

Both speakers gave advice to the Government on a variety of

after Mr William Whitelaw, Home Secretary, had banned a march planned in Leeds and then extended the ban to the whole of South Yorkshire.

Peaceful meeting: The venue

By Our Labour Staff
Laporte Industries, a
public group, has decided

document on chemicals that calls for "an unprecedented joint response" by companies and unions to the slump in the industry.

Not only are all 30 leaders deeply preoccupied by domestic economic and political problems, but an unseemly haggling over fish seems likely to disturb the Olympian tenor to which these gatherings aspire, but frequently fail to achieve.

From Michael Hornsby
Brussels, March 22

The delay has denied West Germany's deep-sea trawlers many of which are laid up, their annual winter foray into rich

Less secure at home than he used to be, Herr Schmidt's anger over fish is seen as symptomatic of a more general dismay at the way the EEC is

"Owing to the appreciation of the gems since then, the total value now stands at

From Our Own Correspondent The diamonds were sold to a
Paris, March 22 French jeweller, and a

"Owing to the appreciation of the gems since then, the total value now stands at

The poll, carried out by the President's staff, was the first television interview and M. Rand's first television appearance in the campaign.

From Our Correspondent
Buenos Aires, March 22

away from
abwe

Oil giants urg to atone for sanction breech

There will be no progress in EEC fisheries talks unless France

rights" which applied to particular nations and particular types of fish in each area, and "acquired

He explained that the Government's stance was much more

consider either a smaller box which gave preference to small boats, or a much smaller box with tight restrictions on boat size combined with a larger box open to licensed boats of any size.

Hugh Clayton

He corrected an account of British policy on waters between 12 and 30 miles from the coast which was issued officially in Whitehall last week. The account

rights " which would open

He corrected an account of British policy on waters between

Areas would be drawn in the form of boxes bounded by lines of longitude and latitude. "This has now become clouded because

New request to demolish hall

A new application to demolish Barlaston Hall, Staffo

A previous request for demolition was refused in 1975.

So far only three communist countries—Yugoslavia, Bulgaria and Romania—have indicated they will be attending the conference. Government officials were today uncertain whether

In a press statement released here today, the organization said Britain's aid programme was a "totally inadequate response to the unique challenge

Police used tear gas against the protesters, who were mer-

Ban proposed: A Tanz

to y. delivered all to South Africa from their waters (Route 1) ports from Dar es Salaam

Yugoslav leaders fear upheaval as economy continues to falter and living standards fall

From Dasa Trevisan
Belgrade, March 22

The Yugoslav system of self-management is encountering its most serious challenge as the economic situation continues to deteriorate, and Yugoslav leaders fear serious social and political consequences if the current trend is not stopped.

Inflation is beginning to affect living standards seriously and there have been calls for radical changes—both social and economic.

The crisis began when the economic improvements, brought about by last year's devaluation and by government measures, suddenly stopped because of an eruption of price increases, which caught both the nation and the Government unprepared.

Last year the Government introduced measures to cut down investments and reduce inflation. It was also intended to stimulate exports and improve the Yugoslav trade balance, which has been deteriorating over the past few years.

But at the beginning of this year the Government increased purchase tax on various commodities and uniform prices to bring in extra income. A series of measures which were to accompany the new price policy were delayed because consensus of the six republics and two

autonomous regions was not reached in time. This, in turn, precipitated a steep increase in prices, the most extreme being in transport costs.

The unexpected price explosion has provoked misgivings among government officials and policies could be ignored and even sabotaged by the very people who are in charge of industry and called upon to implement government policies.

In many cases price increases were decided by managers, in agreement with their workers. Thus the Government's attempts to improve the economy by cutting down investments and trying to curb inflation has come up against a soft management, with industry trying to justify the increases.

The result has been that inflation is already running at more than 12 per cent. In the face of such a negative trend, which has already begun to have a serious effect on the low income groups, the Presidency of the Yugoslav Communist Party met in Zagreb last week to propose economic remedies.

The conclusion of the meeting has yet to be published but officials clearly recognize that the situation is serious and have called for a fundamental reappraisal of the Yugoslav economic system.

No one doubts the country's system of self-management and decentralization. Yugoslavia is a multi-national country and this is the only system which assures each nation equal say in what is now a federal state.

But the meeting left no doubt that the system must be made more effective and more efficient. "We have used all the methods," one member of the Presidency said. These methods had enabled Yugoslavia to go forward one year, and backwards the next two years, another member said.

The continuation of negative economic trends could lead the country into a complicated social and political situation, which would have great consequences—both internal and external—for Yugoslavia.

General Nikola Lubjicki, the Minister of Defence, in an earlier speech said that the present economic situation could have serious repercussions for the country's defence capacity. Unless the difficulties were overcome the Army could not guarantee that programme to modernize its forces would be realized.

It is against this background that Yugoslav leaders have opened up what is a nationwide debate on how to overcome the crisis.

Fatal Chile blaze may be work of terrorists

From Florencia Varas
Santiago, March 22

A fire in one of Santiago's tallest buildings killed 11 people yesterday. The building, a 35-storey apartment complex called Santa Maria, is owned by the Javier Vial financial group which achieved commercial prominence after Chile's military coup in 1973.

There are suspicions that leftist terrorists, who have designated 1981 as a year for an all-out offensive against General Augusto Pinochet's military regime may have been responsible.

People working at the building reported that security was recently increased after a rash of bomb threats.

The blaze erupted at 10 am and 10 teams of firemen supported by air force helicopters tried to rescue people trapped in the building. As the flames enveloped the apartments, there was alarm at the Hotel Sheraton nearby.

At least three people died from asphyxiation inside the building, one was burnt to death three died from their injuries after leaping from the building.

As firemen fought the blaze, the helicopters made repeated rooftop sorties in order to lift residents to safety.

If the fire was the work of terrorists, it is part of a series of attacks that began last year. These included eight bank robberies (including one in which attackers wore police uniforms), attacks on taxis, car thefts and firebombing two discotheques.

Chile's terrorists have apparently become bolder. While in 1978 and 1979 they seemed to restrict their activity to bombings and spray-painted slogans, last year they made attacks in broad daylight with commandos of eight to ten.

Towards the end of the year, there were strange attacks on taxi drivers. In some cases the driver was locked in the boot, while in others he was given money by his attackers and his vehicle was returned to him after they had taken it for a short drive.

Chilean authorities speculate that these attacks could have been training exercises by members of the outlawed movement for the revolutionary left.

Chile's leftist guerrillas have tended to avoid actions in which people are killed and investigators have noted that the few deaths occurring in such attacks appear to have been due to mistakes in calculation or nervousness.

Their main aim appears to be to attract more sympathisers with the use of "armed propaganda".

The fire at the Santa Maria Tower, attributed by some to the leftists because of the Javier Vial group's symbolic importance as a bulwark of the Pinochet regime.

The group, along with a number of other financial corporations, is profiting from the free market economic policies espoused by the regime.

Istanbul police thwart Kurd's escape

Ankara, March 22.—Forty-six members of a suspected Kurdish separatist movement were arrested today as they were planning to escape from Turkey, police said.

The Kurds, all suspected members of an outlawed group calling itself the Kawe, were rounded up at several houses in Istanbul after a tip-off.

The Kurdish separatist movement is said to be active, despite tough military crackdowns, in at least five south eastern provinces. Police said the 46 were all known offenders, who were charged with killing 14 political rivals from 1979 to September 1980, when the military seized power.—UPL

Mr Ford delivers Reagan greetings to the Chinese

Peking, March 22.—Mr Gerald Ford, the former United States President, today began talks with Mr Huang Hua, the Chinese Foreign Minister, after arriving here this afternoon from Hong Kong with greetings from Mr President Reagan for Mr Deng Xiaoping, the Senior Deputy Prime Minister.

Mr Ford's six-day visit to China as part of a 12-nation tour of the Middle East and Asia.

His arrival in Peking was the first contact between a senior Republican and Chinese leaders since President Reagan took office in January.

The former President's visit comes after numerous warnings from Peking to Washington against any idea by the Americans of renewing diplomatic links with Taiwan, an idea Mr Reagan raised during his election campaign.

China has also clearly indicated its opposition to any arms sales to Taiwan—and recently rubbed in the message by downgrading its relations with the Netherlands over the supply of

as many as 10,000 people returned in November with authorization from Xinjiang though they had not officially been reintegrated into Shanghai.

The paper focused on some of those returning who, it said, had been "incited" to come back without giving further details. It praised others who had decided to return to Xinjiang after several months of "Shanghai education" by the Shanghai authorities.—Agence France-Presse.

Thousands quit 'wild west' for city life

Peking, March 22.—About 3,000 people who tried to return to Shanghai from the remote Xinjiang region of China have been sent back to the region over the past few months, the Shanghai newspaper Wenhui Bao reported today.

Some of those sent thousands of miles from the east coast in order to settle China's "wild west" in the 1960s, made their way home secretly, while others had permission from the Xinjiang authorities.

Today's report in Wenhui Bao gave the first official indication of the size of the problem, with its mention of the numbers involved. Some sources have said

The Times Profile How Toyota changed their name and changed their luck



Assembling an engine in the Toyota works, and cars awaiting shipment overseas.



Photographs by F. L.

The year 1929 is famed for the Wall Street crash, but in the same year there was an event which history does not record but which in terms of its economic repercussions, deserved equal attention—the number of cars in Japan first overtook the number of rickshaws.

It was also the year a Japanese inventor called Sakichi Toyoda sold the patent for an automatic loom he had designed to a company of weaving machine manufacturers at Oldham in Lancashire for £10,000. Toyoda promptly turned it over to his son Kiichiro who was building a motor car.

Last year, half a century later, Japanese car makers produced 11,000,000 vehicles compared with the 8,000,000 produced in the United States. Congress pushed for import controls, the union of United Auto Workers banned imported cars from the parking lots at their offices. In Germany, Japanese manufacturers doubled their share of the market in twelve months. In Britain they took more than 11 per cent of car sales, forcing the government to make strong protests in Tokyo.

And, for the first time, Europe's leading manufacturers joined forces in an effort to persuade their Japanese counterparts to adopt some form of export restraint.

It is Toyota, the company that started with the sale of a loom to Britain, that leads the Japanese advance.

The Toyota family was superstitious. Spelt with a "d" the name requires ten Japanese characters, with a "t" it only needs eight, and eight for the Japanese is a lucky number. And while the company has had bad luck in the early days, Toyota with a "t" is now the giant among giants.

At home it sells more vehicles than any of its rivals—300,000 more than its closest rival Nissan. It is the largest exporter of vehicles in the world, earning more foreign currency for Japan than any other Japanese company. One of its models, the Corolla (translated it means simply "crown of flowers") has been the world's best selling car for five of the past six years. In Japan it has been the best seller for no less than twelve consecutive years.

In a normal production period, Toyota makes more Corollas than all 81 models put together. Today Toyota's accumulative production has passed the 30 million mark. The company even has a rugby XV which consistently runs Japan's leading clubs into the ground.

The beginning was slow and often painful. In the 1930s Ford and GM were dominating the Japanese market with cars and trucks that were already well known. Toyota knew that to compete he not only needed a new product but also the means to mass produce it. His prototype Model A-1 was going nicely round the streets of his home town Nagoya when his country's imperialist leaders resumed their adventures in China. In Tokyo, the government was calling for trucks not cars, and Toyota was forced to defer his plans for a family saloon.

The undivided workforce, now almost 47,000 strong, comes from an essentially undivided nation. The concept of them and its simply does not exist in Japan. When I visited the Corolla plant, Mr Hiraawa, the manager of No 1 assembly line, spent the 15 minute coffee break talking with five assembly workers and their group leader. When suggested it must be unusual for managers to come into the shop floor for that kind of discussion, he looked mildly surprised. He came onto the shop floor every day, he said. "Toyota make cars in factory, not in office," he said with laughter. Managers and workers eat in the same canteen.

The labour force cares about the cars it makes. Huge hordes with the company motto "Good thinking, good products" hang above every work station. Last year the staff dropped more than 500,000 written suggestions into the factory collecting boxes. More than 80 per cent of them were used to a greater or lesser extent.

Such is the cooperation that one might ask, who needs unions? It is true that differences between management and the workforce are

to the priority industries like coal, steel, power and fertilizers. Toyota borrowed what he could from the Reconstruction Bank to keep the truck business going.

But Joseph Dodge, MacArthur's senior economic adviser in Japan, was advocating drastic financial retrenchment as the only way of bringing inflation under control, and Toyota's loans from the reconstruction bank began to dry up. He revised his annual production of 15,000 trucks down to 3,000. Delays in credit payments began to create liquidity problems. Prices of raw materials soared, and the market shrunk still further. By Christmas of 1949, Toyota found himself needing 200 million yen to see the New Year out.

Down but not yet out, he went round to his local office of the Bank of Japan arguing that the demise of Toyota would not just be the end of his company, it would be the beginning of the end of the regional economy as a whole. The Bank took the point, and hurried together a consortium to raise the cash. But, far from solving his troubles, the deal pushed Toyota into a nasty corner.

The loan carried three conditions: the sales department was to be hived off from manufacturing to form a separate company; production was to be kept within realistic sales forecasts; and manning levels were to be cut drastically.

The first two conditions presented no great problem. But the cut in manning the Banks asked for meant laying off 1600 men—a full 20 per cent of the workforce. There was already growing unemployment, and the union was not having it. Negotiations reached a stalemate, and the men began a go-slow reducing output by a third. The two sides met no less than 36 times in the space of 10 weeks before the management backed down and the whole board resigned. So too in the end did 2000 workers.

As it turned out, the near disaster was something of a blessing in disguise. The company needed a shake down, and the Toyota Motor Company and Toyota Motor Sales began work again with fresh vigour. But the upheaval had put a strain on Toyota's health, and he died suddenly in 1952 at the age of 58. Had he lived just one more year, he would have seen the first truly Japanese family car driven off its assembly line into a barrage of coloured streamers; the senior staff dressed up in tuxedos clapping and bowing and congratulating themselves on their achievement.

In Japan, the Crown compared favourably with other models and, flush with its success, Toyota went for the export markets before it was ready. In the United States, the Crown failed to meet the standards of performance Americans expected. The Tiara which followed in 1960 did not do any better. By 1963 Toyota was pulling out of the American market. It was a bitter but salutary lesson.

Today Toyota is winning the Export battle, and it is doing so because it has high quality products and a dedicated and undivided workforce. Since a go-slow in 1950, Toyota has not lost a single day's production through industrial disputes. No motor company in Europe or America has a cars-per-worker ratio that comes anywhere near Toyota's.

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Prisoners of conscience



Somalia: Saidia Bolan Elmi

By Caroline Moorehead

Saidia Bolan Elmi, the wife of a former Somali army officer, is being detained in the women's section of Mogadishu central prison. She was arrested in 1978 and is being held under Somalia's national security laws.

In a country where the names of detainees do not get published, the Government has issued a statement about her imprisonment.

Observers believe, however, that she is being kept as a reprisal for her husband's flight to Ethiopia, where he has joined the opposition in exile, the Somalia Salvation Action Front, and broadcasts to Somalia over the front's radio.

There is no evidence that his wife took part in any of the front's clandestine activities inside Somalia. Her continued imprisonment may therefore simply be an attempt to force him to give up his opposition activities.

According to information reaching this country, she had a miscarriage not long after her arrest, allegedly after ill treatment.

Since then, she has been to hospital on several occasions, always after alleged ill treatment. The central prison is said to be overcrowded and unhealthy.

UN is urged to promote laws for the disabled

From Our Correspondent
Geneva, March 22

The determination of individuals to help themselves was the predominant note at the 50-nation meeting held here yesterday as part of the United Nations International Year of Disabled People and organized by the International Federation for the Handicapped. At least half of the 2,000 participants were themselves disabled.

Dr Manfred Fink, the federation's president, said that this determination must be complemented by social legislation, with United Nations General Assembly resolutions indicating what was universally required, particularly on integration. Automation and economic recession were reducing job opportunities.

Mr Pierre Aubert, the Swiss Foreign Minister, pointed out that a third of the world's estimated 450 million disabled people—a figure regarded by the World Health Organization as grossly conservative—were children, while 80 per cent of all disabled people were in developing nations 80 per cent of all resources allocated for helping the disabled worldwide were spent on the 10 per cent living in industrialized countries.

Mr Hermann Meyer, the federation's vice-president, loudly applauded when he put the question of how many wheelchairs could be supplied for the price of a tank.

Teacher's tantrum

Jakarta, March 22.—A teacher in Sumatra, enraged by complaints from his pupils that they did not understand his mathematics lesson, beat two children unconscious and injured 13 others, according to a Jakarta newspaper.

COMMON MARKET LAW REPORTS

The following table gives the number of people who have been granted asylum in the Community since 1970.

Source: C. P. P. Bureau
(01) 404 4200
European Law Centre

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as many as 10,000 people returned in November with authorization from Xinjiang though they had not officially been reintegrated into Shanghai.

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generally sorted out at informal meetings before the union need get involved. By annual wage negotiations are a union matter. Japan unions are company based. The I Workers' Union represents all blue and collar workers, and while it belongs to a national Auto Workers' Union it is not controlled by it. The Toyota union do not give the management an easy time, but its negotiators tend to be the general belief that what is good for company must be good for its workers.

Factory staff work an eight hour day on average 2,140 yen per hour (approximately \$2.28) including overtime. Office staff work much longer hours, often not going before seven in the evening and rarely their full holiday entitlement. Why? "There's much work to do," is the reply.

But perhaps the most conclusive evidence of involvement at Toyota can be seen in the length of every assembly line. The "communication cord" is for anyone to pull finds something wrong with a vehicle which reaches his work station, or if he has a problem himself. He will sort out the fault, or if he can't, he will make sure taken care of further down the line. A group leader explained: "Everyone in Toyota is an inspector."

To the unaccustomed eye it looks as if the assemblers are about to run out of control. That is how it should look. The Kanban system ensures that parts manufactured and delivered to the production line only as and when they are required, only does it create the flexibility to cope with market fluctuations, but it also saves space, assembly lines, and in the warehouses. At course it saves money. The Toyota system is well established throughout the Japanese industry, and Ford introduced the system in America last year.

Not just an employer

While Ford can borrow production techniques that it will never do is reproduce the pattern that characterizes Toyota's relationship with staff. More than thirteen thousand union employees live in single rooms in company dormitories. They pay the equivalent of a month's wages for the use of the facilities, and, for those who choose to live in their own homes, the Toyota Home Purchase scheme provides loans at well below the bank rate.

The Toyota Co-op, established back in the 1940s, has nearly 90 stores all conveniently situated near company housing. For holidaying at home, there are company cars and more than 200 inns and hotels where Toyota workers can claim huge reductions.

In sickness, as in health, the company hand. The 400-bed Toyota General Hospital a staff of 26 doctors and 122 nurses provides kind of health care NHS patients in Britain no longer take for granted. There is an accident and emergency department, a maternity unit, theatres equipped to deal with everything from simple appendicitis to complex brain surgery.

And while the company keeps one eye on present workforce, it keeps another eye on the future. Just a stone's throw from the head office is the company's own Technical High School. It provides a three course for 400 boys in the 15-18 age group. It is by exam and, while there is no obligation to sign up with Toyota afterwards, is the best way to get a job at Toyota. Unlike so many high school children, days, the 800 at Toyota have a job all time for them. A job in a still expanding company that has already earned itself a prominent place in the annals of industrial history.

Robin Laurant

© Times Newspapers Limited, 1981

An example to GM workers

The truck version of the A-1, the Model G-1, was poor. It was shoddy and cheap. The two vehicles destined for the gala launch at a Tokyo hotel nearly did not make it after countless breakdowns on the way. Two weeks later, on the way to the company's first dealer, a near fatal bout broke out when mass production it. His prototype Model A-1 was going nicely round the streets of his home town Nagoya when his country's imperialist leaders resumed their adventures in China. In Tokyo, the government was calling for trucks not cars, and Toyota was forced to defer his plans for a family saloon.

Today things have changed so good have Toyota become that the beleaguered management at GM's body plant in Fairfield, Ohio, drove a Toyota Celica into the factory and parked it at the end of their production as an example of the quality their own workforce would have to match if they wanted to stay in business.

Koromo, the small town site of the first factory where the G-1 truck was made, has grown out of all proportion and changed its name to Toyota City. It is an ugly sprawling place with eight huge production plants, and a population of 280,000 the majority of whom work for Toyota or do work in some way related to it. 3,293,344 cars, trucks and buses rolled off the assembly lines in 1980.

Toyota ascendancy was never the certain today's results would suggest. Wars, near bankruptcy, and a disastrous first attempt at exporting to the United States each in turn threatened to kill the company.

To start with, the conflict with China actually worked in Toyota's favour. The Japanese government revised its foreign exchange laws, and adopted emergency measures to control the imports of parts for the motor industry.

The war in the Pacific increased the demand for trucks still further. But this time, the government banned work on passenger cars altogether. Prospects did not improve when the war was over. When the Allies related to their complete ban on the production of motor vehicles, they sanctioned a total monthly output of 1500 trucks. The number of cars was restricted to 350 a year.

The restrictions were lifted gradually but only in time for the manufacturers to see the bottom drop out of the car market as the country's post-war economy lurched from crisis to crisis. When financial aid the government was able to give went

The G-1 truck, the first Toyota to take the road.

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Racing

The ideal springboard for Piggott

It was in 1951 that he rode his first winner in this country. Since then he has been one of the unsung heroes of the industry. A first-class horseman and a beautiful work rider, he has been a colossal help to a number of trainers, notably the late Bernard Ziegler, who rode him to victory in the 1951 American Quarter Horse Futurity. Other winners of his have been:

1951-1, Go 4200	1952-1, Go 4200
1951-2, Go 4200	1952-2, Go 4200
1951-3, Go 4200	1952-3, Go 4200
1951-4, Go 4200	1952-4, Go 4200
1951-5, Go 4200	1952-5, Go 4200
1951-6, Go 4200	1952-6, Go 4200
1951-7, Go 4200	1952-7, Go 4200
1951-8, Go 4200	1952-8, Go 4200
1951-9, Go 4200	1952-9, Go 4200
1951-10, Go 4200	1952-10, Go 4200
1951-11, Go 4200	1952-11, Go 4200
1951-12, Go 4200	1952-12, Go 4200
1951-13, Go 4200	1952-13, Go 4200
1951-14, Go 4200	1952-14, Go 4200
1951-15, Go 4200	1952-15, Go 4200
1951-16, Go 4200	1952-16, Go 4200
1951-17, Go 4200	1952-17, Go 4200
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Buckinghamshire attacks were ahead in the 18th minute with a goal by Brookenham who scored from a long range attempt from McGinn's free hit.

Two short corners in favour of Buckinghamshire ended with Owen saving well off Barber then a long range shot by Lister in a scoring position inside the circle where only Owen to beat the shot wide of the mark.

In the second half Buckinghamshire attacked with increasing zeal which as time ticked by turned into desperation.

Barber scored a goal and a score in the last few minutes but apart from their failure to convert the corners, their best chance was a long range shot which was marked from some five yards out.

In Saturday's semi-final round

to be decisive

By a Special Correspondent
England 7 Scotland 0
Scotland 1 Liverpool 1
In conditions more favourable to water polo than to lacrosse.

The field of puddles defence better than attack game was resolved by the pace and depth of the defence which was kept by keeper, Barbara Drost.

Ten days ago England's the humility of being beaten by Scotland 1-0 at Agincourt, Scotland Jane Liv and Alison Taylor, a magnificent England's plan to score first three goals first three minutes.

These goals proved it although Sue Roberts pulled a goal for Scotland to draw England another for

1. **Wales** 12, **Scotland** 13, **Poland** 14, **England** 15, **Sweden** 16, **Switzerland** 17, **Belgium** 18, **France** 19, **Spain** 20, **Italy** 21, **Germany** 22, **Austria** 23, **Sweden** 24, **Switzerland** 25, **Belgium** 26, **France** 27, **Spain** 28, **Italy** 29, **Germany** 30, **Austria** 31, **Sweden** 32, **Switzerland** 33, **Belgium** 34, **France** 35, **Spain** 36, **Italy** 37, **Germany** 38, **Austria** 39, **Sweden** 40, **Switzerland** 41, **Belgium** 42, **France** 43, **Spain** 44, **Italy** 45, **Germany** 46, **Austria** 47, **Sweden** 48, **Switzerland** 49, **Belgium** 50, **France** 51, **Spain** 52, **Italy** 53, **Germany** 54, **Austria** 55, **Sweden** 56, **Switzerland** 57, **Belgium** 58, **France** 59, **Spain** 60, **Italy** 61, **Germany** 62, **Austria** 63, **Sweden** 64, **Switzerland** 65, **Belgium** 66, **France** 67, **Spain** 68, **Italy** 69, **Germany** 70, **Austria** 71, **Sweden** 72, **Switzerland** 73, **Belgium** 74, 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Slick stick : Jane Swinnerton shooting past Christine Thom

Raising the roof with soprano

By **English Whitehead**

The final 10 minutes of this match at Wembley were packed with thrills. England's captain, Margaret Stewart, was fired from a Margate store by Kim Cordin and the gloves were down. Within minutes Wales galloped to the top of the table, ousted from their second short corner.

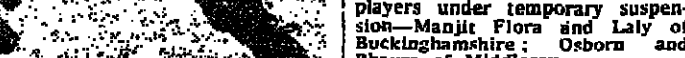
Afternoon, Judith Foster took the corner hit, the Wales captain Jackie Williams struck it into goal without further ado.

By the close of the occasion with soprano screams. Back play went to the Wales circle, with Valerie Robinson in complete control of the ball, only to be tripped by Judith and the referee.

minute before England had brought on Janet Hutchings in place of Jane Swinnerton and, still looking a little bewildered, Margie Jurkiewicz took the penalty. England's second and the referee broke the deadlock. There was nothing Wendy Banks in the Wales goal could do with that one. The ball went straight into the net.

After their twelfth match out of the 29 played at Wembley, it was a substitute's dream and a splendid end to a first-time afternoon.

The ground, though remarkably good, was covered with lush grass, which gave rise to problems with injuries to the players, as well as England's newcomer, Sheila Harding, was one of the few who gathered at the ball and made enough of an effort before sending a cross pass



Middlesex, while turning the
rabler on Buckinghamshire, who

and just wide of the goal.

[illegible]

BUCKINGHAMSHIRE: J. C. B. Taylor (Slough), J. Barber (Slough, Gault), M. S. Flora (Slough).

(Slough), S. S. Khehan (Slough), B
S. Saint (Slough), R. S. Flora
(Slough), S. Collins (Slough), Sub,
the goalkeepers, Maddie
Donagh and Dootson.

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Why the going is now so favourable for a centre party alliance

This month's Gallup Poll establishes that no Prime Minister since the war has been so disliked as Mrs Thatcher, nor any Opposition leader as little respected as Mr Foot



David Steel: most popular

The Social Democrats are launching their party when the prospects for a third party breakthrough look better than at any time since the present two-party system was formed in the 1920s.

The Social Democrats' standing in the opinion polls is spectacular. The weighted average of the seven post-Wembley nationwide polls gives Labour 31 per cent, the Conservatives 27 per cent, the Social Democrats 14 per cent. More critically, the Liberal and Social Democratic alliance is given 41 per cent, way ahead of the two main parties—and enough to sweep to power with nearly 350 seats. The polls have been remarkably consistent, with no sign of the Social Democrats losing momentum. No such degree of persistent support for a centre party has been recorded since the polls began in the 1920s.

The polls established beyond doubt that a failure of the Liberals and Social Democrats to reach an electoral agreement would be political suicide, leaving both with fewer MPs than they have now.

They also vindicate the call by the Liberal leader, David Steel, for a fully fledged alliance rather than a halfhearted pact. The electorate distinguishes between voting for a Social Democrat or a Liberal where the other party has stood down (a pact from voting for a candidate of whatever party stands alone), standing as a Liberal and Social Democrat (an alliance).

Among Liberal voters only half would vote for a Social Democrat where the Liberal withdrew, whereas almost all would vote for an alliance candidate. And some people, while not prepared to vote for either a Liberal or a Social Democrat standing alone, would support the alliance. For reasons spelt out later, those people could be crucial.

How seriously should these polls be taken? Polls cannot predict because the alliance does not exist and anything might happen between now and the next election. Polls describe, but what is a media-blown electoral bubble or the groundswell of a genuine realignment?

The answer is a bit of each, but probably more of the second than the first. Disaffection from the two main parties has been growing steadily since the mid-1970s and at a quickening pace since 1979 (see table). The number of very strong Conservative and Labour identifiers has fallen from 40 per cent in 1964 to 20 per cent in 1979. The share of the total electorate going to the two major parties has fallen from 80 per cent in 1951 to 61 per cent in 1979 (and is even lower, at 55 per cent, in October 1974). Liberal (and in

Wales and Scotland, Nationalist) support has gradually risen, not unremarkably, but cyclically: each Liberal peak—always occurring under a Conservative government—has been a higher springboard for recovery.

Moreover, two-party support has declined for reasons that give few grounds for expecting an immediate reversal. The main reason is Britain's economic decline and the governments of both parties: a quick recovery seems unlikely.

Another probable reason is the replacement of the partisan press by "balanced" or television as the most influential medium of politics. This too will continue.

A third reason is the erosion of the two parties' traditional class base. The British Election Study found that at the last election less than half the electorate even thought of themselves as belonging to a social class. The number of voters with uniformly middle-class or working-class characteristics—in terms of occupation, family origins, house ownership etc.—was only one in five. There are more and more middle-class trade unionists and working-class house owners; mobility and marriage across class lines is increasing.

A final factor is the steady loss of faith among Labour (but not Conservative) supporters in their own party's basic principles. In 1964 most Labour identifiers supported the collectivist trinity of trade union power, public ownership and increased social welfare; by 1979, although reduced to a smaller core, less than a third did. All this suggests that the Social Democrats are tapping an existing electoral constituency and not just a fleeting protest vote.

Yet hardhearted policies, including many academic psephologists, remain deeply sceptical. If a realignment has been on its way for 20 years, why did the Liberals not make the breakthrough years ago—in the 1964 election after Orpington, or in February 1974 after their spring of earlier by-election wins? The vote per Liberal candidate was in fact higher in those two elections than at any time since the 1920s, but it was still a drop from their best showing in the opinion polls, probably because of their inability to convince potential supporters that they could form or join the government.

This credibility factor, which has long plagued the Liberals, could now be solved by an alliance which would be seen to be ahead of the Conservative and Labour parties in the polls. The going is also more favourable for a third party in other ways. The Social Democratic leaders, along with Mr Steel, have for years been among the most popular politicians in Britain.

Moreover, both the main parties are now less popular than at any time since 1945. This month's Gallup Poll establishes that no Prime Minister since the war has been so disliked as Mrs Thatcher, nor any Opposition leader as little respected as Mr Foot.

Public enthusiasm, it is also predicted, will wane once they spell out their policies. But academic surveys and recent

The decline in support for the two major parties since 1951.									
% of all electors voting either Conservative or Labour at General Elections.									
1951	1955	1959	1964	1968	1970	Feb 1974	Oct 1974	1979	
80.0	73.8	73.3	67.5	66.2	64.4	58.5	54.7	61.0	
% Liberal share of vote* in same elections.									
2.5	2.7	5.9	11.2	8.5	7.5	19.3	18.3	13.8	
*Not adjusted for the number of Liberal candidates which varied from election to election.									
% of electors with a very strong Conservative or Labour identification.									
	1964	1970	Feb and Oct 1974 (average)	1979					
	40	39	26	20					
% of Labour identifiers:									
	In favour of nationalizing more industries.								
	57	39	53	32					
	In favour of spending more on social services.								
	89	60	43	30					
	Who do not believe that trade unions have too much power.								
	59	40	42	36					
- The question wording for 1974 and 1978 was slightly different. Source: Election studies by David Butler and Donald Stokes, and by the British Election Study at the University of Essex.									

*The question wording for 1974 and 1979 was slightly different. Source: Election studies by David Butler and Donald Stokes, and by the British Election Study at the University of Essex.

polls show that almost all their basic positions—of parliamentary democracy, the mixed economy, nuclear defence, incomes policies, higher public expenditure, proportional representation, industrial democracy—have majority support. Only on the EEC are they seriously out of line, and the electoral damage that brings will depend on whether Europe becomes an important election issue. It has not been in the past.

But anyway, election surveys consistently show that a party's policies, as opposed to its broad position, swing few votes. So long as the Social Democrats avoid the extreme and the unforgotten, their policies, while important in recruiting activities, will have little bearing on their vote.

Other sceptics look further ahead. Labour parties do not survive for long, it is claimed, without a distinctive social base. But they do in the United States, Canada and Eire; so does the Conservative Party, whose voters (as opposed to activists) are not socially distinctive. It is not even clear that there is any major social base left in Britain. The conventional wisdoms, based on the party system and the structure of the media, no longer apply as much as they once did.

Except in one crucial respect. A breakdown of Gallup's large merged sample of more than 7,000 shows that a Liberal-

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Social Democratic alliance draws its support with remarkable evenness across the social spectrum. Its vote will therefore be far more uniformly spread across constituencies than that of the two main parties—and will be mercilessly penalized by Britain's electoral system as a result.

For example, a 23.30 per cent vote would put the alliance into second place almost everywhere but only give it 30-35 seats. A 30.33 per cent vote would produce only 20 or so more seats, leaving the alliance savagely under-represented but with an odds-on chance of holding the balance in the Commons.

Take-off begins only at the 34 per cent mark. Still badly under-represented, the alliance would none the less be virtually guaranteed the balance of power and the strength to secure proportional representation. Above 37 per cent it would be the second largest party; above 39 per cent large enough to form the government on its own.

Once off the ground, the alliance would rapidly find itself in the stratosphere: every percentage point in the 34-40 per cent range would be crucial.

But in all probability the alliance, if formed, will not sustain its current 40 per cent level of support. How far it falls will depend partly on the outcome of the second largest party; obviously retrieve some current Conservative defectors; but there is no forecast yet of a fall in unemployment, for most people the key economic factor.

A return by Labour to the theological centre might give some of its defectors. But that would probably require a decisive comeback by the Labour right; anything less would probably redouble the efforts of the left and lead to a further splintering, to the Social Democrats' benefit.

Rightly or wrongly, the Social Democrats' prospects will depend mainly on their ability to convince electors that they can win. But credibility is volatile; what the interaction of media and polls can do it can also take away. That is why the Social Democrats are wise to be choosy about the local elections and by-elections they fight. And it is also why forging an alliance with the Liberals might be a more prudent move—policy, organization, even the leadership—pale into relative insignificance.

Ivor Crewe

The author is director of the SSRC Survey Archive and co-director of the British Election Study, both at the University of Essex.

Europe: no more mistakes by Britain this time?

The storm forecast over British fishing policy at the European summit meeting which opens today should have passed when Britain's turn to take the six-monthly presidency of the European Community Council of Ministers comes round in July.

The presidency offers a unique opportunity for the country concerned to steer the Community's affairs and promote new initiatives through control of the agenda of the various Council meetings.

This presidency will be a crucial one in the history of the Community, and in many ways exceptionally favourable to British initiatives. If real progress is to be made in reforming the common agricultural policy and the EEC budget—including the special problem of Britain's contribution—something will have to be achieved during our presidency; otherwise we risk running out of time. Equally, if the Community is to develop a credible industrial policy to cope with the recession, Third World competition and technological change, the time to start is in 1981.

By midsummer the French presidential election will be over. A new French administration may be more open to new ideas.

The second favourable factor is that Britain's own position in the Community is stronger than during previous British presidencies. Our trade with the rest of the EEC is roughly in balance. Our exports to the EEC have grown more than sixfold since we joined in 1973 (if one includes aid and now account for nearly half our total overseas sales).

Moreover, the recent decline of sterling in the exchange rate provides an opportunity to rectify one of our more serious mistakes of the past few years and make a positive pro-European gesture by joining the European Monetary System. It would have been in our best interests to have done this when the EMS was first started, when the pound was roughly equal to \$2. Inexplicably, the Bank of England was worried that sterling's exchange rate would be pegged at this level if we joined, whereas if we did not it might fall to levels where our goods would be uncompetitive.

So we stayed out, but instead of falling sterling rose against almost all currencies, to a peak of \$2.40 or so. That would not have happened had we joined the EMS.

Now that the authorities are at last getting the exchange rate down to a level at which our manufacturing industries can compete, we are nearing the point—somewhere between \$2 and \$2.10 to the pound—at which sterling can be brought back into the EMS at a sustainable level.

Such a move would certainly improve Britain's credibility with our EEC partners, especially if it was accompanied by some initiatives in the field of energy policy. What our partners would like from us here is a commitment to allocate some part of our North Sea oil production—figures of 7-10 per cent have been mentioned—as a strategic reserve available to other EEC countries in the event of further disruption to Opec supplies.

In return, Britain would benefit greatly from one of the proposals for increasing the Community's financial resources which has been floating around in Brussels for some time—a tax on all energy imports from outside the Community. If this were adopted it would help solve two problems together: it would broaden the Community's financial base and redress the imbalance between Britain and the rest of the Community, which threatens otherwise to return in 1982, on the expiry of the three-year agreement negotiated last year by Mrs Thatcher.

Just as a common agricultural policy benefits EEC countries who are net food exporters, so a common energy policy would benefit countries such as Britain who are, or are about to become, net energy exporters. This is an area where

we should therefore be taking new initiatives during our presidency.

The other great area of change and opportunity, of course, is the financial. The Community's financial base is expanded, or unless a rural spending is brought under control, the Community will run out of money, in 1982, maybe in 1983. For one is unlikely to see an increase in the financial base—let alone a new energy policy—unless farm output is brought under control. There are too many other areas in which Britain would like to see extra money spent—on industrial, regional and social policy—allowing more to go to culture.

So the pressure for reform. At the same time, it comes in the EEC calendar including Britain, are going to be squeezed and it is for not the earliest of political to cut back CAP.

Paradoxically, the far Mr Peter Walker has to favour farming rather than summer. In Agriculture, in contrast to his successor, Mr John Sil, example—may make it for him to sell a limited package to his colleagues in the presidency of the European Community. The little doubt that he will see support for his foodstuffs based much a long-term strategic, rather than short-term, political, and a bit or finished between the C trade policy.

It is also essential to ease some control of national subsidies now developed for particular of food production. In France, the tax that at present the Con has to pay for the surplus generated by national subsidies. The deal with this is to establish a principle that the surplus is to be shared between the Commission and the producers.

All this should go to putting a cap on spending, though it will be far as consumers will in particular, there is prospect that Mr Walk agree to ending the substantial under-valuation "green pound", which is a tax on the British.

The three other issues Mrs Thatcher will be addressing during her presidency are: 1. The broadening of policy to include an industrial policy, as set the Nicolson report.

2. Permanent mechanisms ensure that Britain do again incur an unfair burden commitment to the EEC 1979.

3. Ways of making the EEC system more efficient streamlined, by focusing ruthlessly on priorities. On the second issue, ready indicated, much gap could be bridged energy, money, levy, reduced agricultural support increased spending on policy. But it may still be sary to look at particular, which would relate the Community's contribution to a agreed economic level.

Finally it would do harm in the eyes of other here if we were seen genuinely concerned to the Community work as well as looking after national interests. The I not necessarily in conflict with the Community's interests.

Michael St

The immortality of Plataea

Philip Howard on the unique significance of a tiny Greek town wiped out in an earthquake last month



Hand to hand combat with Greek getting the better of Persian

separate grave. Those Greek cities that should have sent contingents and had failed to do so got in on the act by erecting cenotaphs. Simonides composed epitaphs that still make the hair at the nape of the neck bristle. For the Athenian Dead at Plataea: "If to die honourably is the greatest part of virtue, Fate has done best for us. Because we fought to crown Greece with freedom, we lie here enjoying fame that will never grow old."

At the beginning of the Peloponnesian War, Plataea, the little border town between Attica and Boeotia, was at the centre of history again. It was an ally of Athens but vulnerable to attack by its big neighbour to the north. In 431, after an assault by Thebes, Athens evacuated civilians. The garrison, after a long and heroic defence, was eventually starved out by the Peloponnesians in 427, and its members put to death, except for those who had escaped in a daring night sortie.

Thucydides' account of the siege warfare, with mounds and saps, and undermining, and attack by fire, and hairbreadth escapes, is the imminent deadly breach, reads like an episode in the First World War. It has always been a popular passage for teachers in British schools, partly because it is a long self-con-

tained narrative, partly because of the difficulty of the vocabulary, and partly because of the drama and pathos of the story.

"They therefore brought the Plataeans before the army again, one by one, and asked each of them the same question: 'Have you done anything to help the Spartans and their allies in the war?' As each man replied 'No', he was taken away and killed, no exceptions being made. No fewer than 200 Plataeans were put to death in this way, together with 25 Athenians who had been with them in the siege." The women were made slaves.

As for the little city, the foul, bloody Spartans razed it to its very foundations and built, next to the temple of Hera, a large hotel 200ft in circumference, with rooms upstairs and downstairs. They used the roofs and doors of the Plataeans to build, and with the other material in the town, a bridge and the iron they made couches which they dedicated to Hera, for whom they also built a stone temple 100ft square.

It takes more than an earthquake, more even than the Greek and the Persian wars, to wipe out Plataea. What happened there will be remembered so long as there are free men around who can recognize the difference between liberty and slavery. The Greek will rebuild the town. Another layer will be added to the frequent devastations in the archaeology of Plataea. But, as Simonides wrote, the immortality of Plataea is guaranteed by stuff that lasts longer than stones.

Last month's earthquake in central Greece wiped out the map a speck called Plataea. It is a dusty little one-goat town about ten miles south of the main road from Thiva, between the River Asopos and the foothills of Mount Kithairon. But in spite of its modest appearance, Plataea is one of the most historic places in the world. It was the site of the Greek victory over the Persians in 479 BC which saved our infant western civilization from being throttled at birth.

A generation later Plataea was the scene of a terrible siege. Unlike the Battle of Plataea this was not one of the decisive battles of the world, but it was one of the first to be recorded in vivid detail by a historian of genius. Plataea has been razed, yet again. But what happened there cannot be erased from history, or from the effect it had on all of us.

The Greek newspaper *Amorion* has started a campaign to rebuild Plataea. Its editor-in-chief, Christos Poularis, sent us a cable the other day: "Gentlemen... we have considered to address the most

potential newspapers around the world, and propose them to adopt the above mentioned town, being convinced that the international press could use its influence in order to support the devastated area with material as well as with moral aid."

The Greek Prime Minister has announced that his government will meet the expenses of repairing the devastation of the earthquake. But we should certainly give our moral aid to Plataea, because the victory there 25 centuries ago preserved such notions as the liberty of the individual and the freedom to ask questions and speak one's mind, however inconvenient, without which *The Times* would be a very different newspaper.

In his account of the battle Herodotus tells us that a little before the Persian War, "the greatest victory of all those known to us". He was right, for at least three reasons. It is difficult to discern the exact course of the campaign from his account, but at

any rate it is clear that the strategy of Pausanias, the Spartan general, was masterly, notable in his refusal to be drawn to the Asopos and swamped by numbers.

Secondly, it is clear that the shield-wall stood as firm as a rock, and that there was great bravery by individual soldiers in attacking the Persian elite. "The fight was fiercest at the point where Mardonius, the Persian general, fought in person from his white horse, and surrounded by his thousand Persian footmen, the flower of his army."

Thirdly, and most important, the Battle of Plataea ended the Persian attempts to conquer Greece. The Persian cavalry fell upon Pausanias as he was retreating to higher ground near Plataea. As he said in his message to the Athenians asking them to come quickly: "The struggle is now upon us—the struggle which will determine the liberty or enslavement of Greece."

After the battle had been lost and won, and the vast Persian treasure had been divided, each state buried its dead in a

Returning from a few weeks out of town, I found more than the usual quantity of mail waiting for me. As usual, most was from people trying to sell things. There were brochures advertising jewelry, pens, encyclopaedias, theatres, records and adjectives of a kind. Some demanded an answer right away so that I would qualify for a free lottery. One envelope, challengingly, bore the question: "Do you read advertising mail such as this?"

The shaming answer is yes, I do, and that is why I am chiefly to blame for the growing weight of junk mail that effects me. You just have to give a positive response to one such offering and word will quickly round the mail-order underworld. "We've found a live one here." More and more solicitations flood in.

I can trace exactly my most important error. It was when I ordered, I think from an offer that came with one of my credit statements, an inflatable mattress. It duly arrived and was satisfactory. Its cleverest trick being that you can inflate it with a hair dryer.

For months afterwards, whenever another unmissable opportunity came through the post, it would contain the code words

"Infltbl Mtrss" next to my name. I was not sure that I wanted to be so known in the junk-mail community: it made me feel as if I practised some kind of fetish with the air-filled object.

And why, I wondered, had they picked on the infltbl mtrss? Why not the ckt trfly, in white plastic with stowable round shelves, that I had invested in earlier? Or the modern leather briefs with my initials on it? Or the superior etchings by Frederick Remington? All goodies that I had ordered through the mails.

So when the envelope asked me "Do you read advertising mail such as this?" I must already have known the answer. Yet that did not prevent its authors from repeating the question on each of seven individual leaflets inside the envelope, all offering what seemed extraordinary low-priced jewelry.

The offers included a genuine diamond solitaire necklace on an 18in chain for \$3, a pair of diamond-studded earrings for the same price and a solid 14 carat gold floating heart pendant, also \$3. At the more pricey end of the market was a 7in gold chain

bracelet for \$7 and a 16in chain for \$13.

I did not succumb, as they might have known I would not. The computer which selected my name at random for this test ought to have known that your average inflatable mattress man is not normally a diamond solitaire person, though I suspect the Remington etchings, once word of that gets about, will qualify me for a number of extraordinary opportunities in the area of the fine arts.

Culture is already covered. This year I bought a subscription to three plays at the Lincoln Centre, since when every repertory company in town, and some in adjacent states, have written trying to lure me through their dingy portals.

I threw all those away, as I did the letter which began: "Congratulations! You've just won an all-expenses paid free trip for two to Hawaii."

My favourite item is the professional oil painter. A good buy at \$9.95 for those who find peeling hard-boiled eggs simply too much of a strain. "Place cooked egg in cradle under accordion-like cover, press down on cover and presto, egg drops out peeled."

Other gadgets offer a variety of sounds, including silence. The environmental sound machine, at \$129.95, plays "white sound" for screening out unwanted noises. It can also simulate breaking waves, surf effects, rain and a waterfall. It is supposed to send you to sleep, but might not.



The insecurity of life in American cities is taken care of by a wide variety of precautionary devices. Fire detectors, door alarms, ultra-sensitive locks, an electronic rodent eliminator, an emergency lantern for blackouts, a flood detector and a blood pressure instrument for those moments when everything piles up on you.

something no self-respecting kitchen should be without, as the machine for making sliced bread thinner (\$12.95). But what are we to make of the electronic diet fork? At first I thought it must be a joke, but it seems perfectly serious. Here is how the catalogue describes it:

An eating utensil designed with built-in lights which automatically signal you when to eat and when to stop. Induces weight loss through behaviour modification. The green light signals to eat, the red light how long to chew and to stop."

A snip \$14.95, but I could not possibly bring myself to order it. Imagine being known to the mail-order people as "elctrcnc dtr fork." What bizarre nonsense would they try on me then?

I thought of Hammacher Schlemmer's gadgetry last weekend when President Reagan, apparently feeling trapped in the White House, was in New York. He seems to have had a whale of a time.

He went to see *Sugar Babies*, a slightly risqué show about some snappers' club burlesque, as they modestly perform (here). He watched his son dance with the Joffrey Ballet, he visited Little Italy and went out to dinner with friends at

Le Cirque, one of New York's most fashionable and expensive restaurants, where Mrs Reagan is an old customer.

It was the dinner and the elaborate preparations—precautions, rather than intrigues—people here. On the day of the President's visit, squads of inspectors from the Secret Service and the city health and fire departments went to Le Cirque to carry out checks.

The men from the Food and Drug Administration provoked the most comment. They were checking for food contamination and had a friendly conversation with Alain Salhaac, one of the grandest French chefs in New York, about how he should cool his sauces.

"They want sauces to be cooled rapidly," M Salhaac complained. "From hot to cold in 30 minutes no bacteria do not develop. But I think for flavour and texture, sauces should cool slowly. But of course, for today we will do it their way."

This blatant governmental interference in the art of the chef provoked a justifiably angry editorial in *The New York Times*, which cares deeply about such matters. While it conceded that President Harding had died 53 years

ago from suspected food poisoning, it ate fish in the paper, felt that the Le Cirque was not sufficient to warrant such draconian measures.

The editorial pointed out that the campaign trail dates are required to be of certain foods, and we not lost a potential prize. "Surely incumbent demonstrate their own taking a chance on one Alain Salhaac's \$90 din he wrote bitingly.

Apparently not. I know Mr Reagan is unusually a president but have not suggested that he has it. The Secretary of the Secret Service were they would buy him those electronic diet fork help his digestion.

No doubt Hammacher Schlemmer could add a shade of yellow in the of bacteria, or even a touch of red, as he speeds a moral. It might seem of public funds but it avoid offending the chef.

Michael Leapi

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BRITAIN WRONGLY IN THE DOCK

The contentious issue of fisheries policy now looks like dominating the European Community's summit conference which opens in Maastricht today. Herr Schmidt is said to be enraged by the failure of the Ten to reach agreement on the issues involved, which has meant that German fishermen have had to stay in port rather than go out and take advantage of the access to Canadian waters which was negotiated some time ago. And he apparently plans to blame Britain for it. Britain, it is being suggested in Bonn, has failed to respect last year's agreement on its budget contributions, which included an undertaking by all concerned to reach agreement on fisheries by the end of last year. Mrs Thatcher will therefore be pilloried and threatened with reprisals.

There are substantial allegations, which threaten to turn differences over fisheries into a Community crisis: and it is to be hoped that everyone will keep a sense of proportion in Maastricht. There are, after all, bigger questions to be tackled by the Ten both inside and outside the Community. But the German charges can and should be answered. Basically, there is no reason to single out Britain for the failure to reach agreement on fisheries so far. Agreement on all implies concessions by all—including France, which was largely responsible for the last-minute failure in December and is now insisting on access to British coastal waters.

The present impasse can be traced directly to that original sharp practice. The Six need not be surprised, still less affronted, if the late entrants insist on receiving the advantage that was then taken of their position.

The recent contraction and present recession of the British fishing industry are not in any large measure attributable to Community policy. They are due to the loss of distant fishing grounds, especially off Iceland, to depletion of stocks in the North Sea and north-east Atlantic, to the cost of fuel, and to the volume of cheap imports.

What Community policy has done is deprive the British Government of the best means of compensating for those adversities, which would be to order and exploit to the national advantage all fisheries within the 200-mile coastal zone or the median line where applicable. This Government and its predecessor have survived to make up for this extra handicap with the full backing of Parliament. There is a bipartisan policy on fish. It has been maintained up to this point and the Prime Minister deserves every encouragement to maintain it at the Maastricht summit.

Britain is being wrongly represented as inflexible. Mr Peter Walker has indicated that he is prepared to negotiate around a figure for a British catch quota that is substantially lower than Britain is entitled to demand in view of the contribution its waters make to the total Community fishpond and in view of the extent of its losses in distant waters. That aspect of the negotiation is nearly ready for agreement. So are the all-important measures concerning conservation and control of catches. It is over access to coastal waters that the negotiations are deadlocked. Even here Britain's negotiators have given ground, conceding other historic rights to fish within twelve miles of our shores, though they rightly insist on strict interpretation of those rights.

The common fisheries policy in its pristine form was the most advanced essay in Community-building to be attempted. Not only did it provide for a common market in the product, it envisaged common ownership of the resource. Fishing is a form of hunting. The hunting grounds, customarily or prospectively reserved for their coastal states, were to be open to the vessels of all EEC member states on equal terms.

A policy incorporating those ideas was hastily cobbled together on the eve of negotiations for the enlargement of the Community a decade ago. The candidates for membership were

Britain, Ireland, Denmark and Norway, all nations with fish rich waters. The Six had by that time overfished their own waters to the point of depletion. The rule was transparent, its effect injurious to the applicants. Norway did not buy it. Britain, with larger questions on her mind, did and won a temporary stay which expires at the end of next year.

There Britain cannot make any more concessions, either on exclusive access within 12 miles or on preferential access within 50 miles round the northern coasts of the island. There may be room for compromise over the question of permanence. The French want the exclusive zones to hold only for another temporary period. That will not do, but Mrs Thatcher could agree to a review in ten years' time on the basis that the exclusive and preferential zones remained intact thereafter in the absence of agreement to alter them.

There remains the Canadian agreement which is of such importance to Germany. Britain has not allowed its implementation in advance of agreement on the internal Community regime, because it would further expose the British market to pressure of imports and because (unspoken) the black market regarded as a means of putting indirect pressure on the French to settle. That is playing rough in the Community stadium, and Germans are hinting that they can play rough too by linking the fish impasse to payment of budgetary refunds. If that threat were carried out it would precipitate a very serious crisis indeed in the Community. Britain has already offered to unblock the Canadian agreement if it is afforded adequate safeguards against consequent depression of the home market for fish. It has been offered in adequate safeguards. It must not ruin the home market—but the gap is bridgeable if tempers can be kept. The shared interest of the Ten remain greater than their differences.

AN UNJUSTIFIED JUDICIAL MONOPOLY

There's a sting in the Supreme Court Bill which is for the most part an innocuous and desirable measure consolidating the law on the structure and administration of the higher courts of England and Wales. The sting is in Clause 10 which says, simply, that no one can become a High Court judge "unless he is a barrister of at least 10 years' standing". In other words, no solicitors need apply. That is, indeed, the present position. But in the last 10 years, since the Courts Act 1971, solicitors have been allowed to fill some judicial positions, and they now believe the time has come to extend their horizons.

At present, a solicitor can be appointed a recorder—a part-time Crown court judge—and, after three years as recorder, is eligible to be appointed a circuit judge, a full-time judge hearing civil cases in the county courts and criminal trials in the Crown court. There are about 350 circuit judges, of whom about 150 have reached that status from the solicitors' profession. There has been no suggestion from any quarter that these circuit judges have performed their duties any less competently than those drawn

from the bar. But, for former solicitors, their judicial career ends there. Circuit judges who have been barristers can be promoted further, to the High Court and thence, on merit, to the very highest judicial appointments (although in practice, most High Court judges are taken directly from the ranks of the practising bar). The solicitors are asking for the right to become eligible for the High Court if their performance as circuit judge warrants it. They are not suggesting that there should be anything automatic in it, merely that there should be no inflexible bar preventing former solicitors, who have proved themselves good judges, from climbing the judicial ladder.

It does not seem much to ask, but the Lord Chancellor, the high judiciary and the barristers' profession have united against this mild reform, for reasons which are utterly unconvincing. Lord Hailsham said in a recent debate in the House of Lords, that it would create ill-feeling between the two branches of the profession. It is more likely that such feeling would be generated by his, and the bar's,

obstinate refusal to give in on the issue. It reflects no credit on barristers if the possible presence of two or three former solicitors among the 74 judges on the High Court bench would urge them to ill-will. It is said, too, that solicitors are not capable of being High Court judges because they have not had experience of being advocates in that court (the right of audience being denied them). But barristers are often appointed to the bench with little advocacy experience, and, moreover, many judges, on appointment, are assigned to cases involving areas of the law in which they have had little or no professional experience.

The barrier is an unnecessary one, serving no good purpose. Removing it would open no floodgates. It would not be subject to abuse, since the Lord Chancellor would remain in control of appointments. It would be in the public interest to have the best possible judges, regardless of provenance. It is not as if the higher judiciary is so replete with talent that it can afford to reject aspirants of distinction.

be "requisitioned" to work wherever parliament decides. If they absent themselves they are officially on strike, and forfeit pay.

An independent arbitrator would find both parliament and staff have a case. Both are victims of a history not of their own making. A conference of foreign ministers of the founding Six decided in January, 1958, that the European Assembly should be in Strasbourg, where the chamber and offices of the Council of Europe, the maison de l'Europe, already provided living space. But that agreement was formally overruled by a new agreement in 1962, where the first Article laid down that "Luxembourg, Brussels and Strasbourg shall remain the provisional places of work of the Communities". Luxembourg took the lion's share; and the parliamentary staff bought houses, founded schools for children and built their private lives there.

The old nominated European Parliament, whose members owed their main loyalty to national governments and national politics, made little fuss about the gipsy life of travelling on parliamentary business between Brussels, Luxembourg, and Strasbourg. But the directly elected parliament, since July 1979, has markedly increased the workload, and found the expense and inefficiency of constant travel intolerable.

The cost of three parliamentary working places (Brussels, Luxembourg and Strasbourg) is now little short of £20m out of a parliamentary total of £125m a year, if you count rents, travel, furniture, and the rest. The expenditure on sites has more than doubled since direct elections. MEPs are plagued by poor communications, and sometimes trouble over hotel bookings.

The European Parliament depends on responsibility for all the public money wasted to the triplication of its facilities and services. It puts the blame squarely on the national governments of the Ten, under Article 216 of the Rome Treaty that "the seat of the institutions of the Community shall be determined by common accord of the governments of the Member States". Indeed, a majority of members of their managerial bureau, will be bitterly disappointed if the summit meeting

does not take up the parliament's ultimatum that a single seat should be settled within the Council of Ministers by mid-June. British MEPs overwhelmingly want Brussels as the single working place for reasons that include better air services, closeness to the headquarters of the Commission, and abundant hotels of varying quality and price.

Yet Strasbourg still has staunch friends, not only among the French; and the enlarging Community reinforces an argument for Central European parliamentary base.

So much serves as a summary of the parliamentary case. The staff case (a compromise reached by nine staff associations, now led by a distinctly moderate Englishman) could hardly be so easily brushed aside by any arbitrator as by the parliament's managerial bureau, who has been known to refuse to consult staff representatives and to act by dictat almost like a Victorian employer.

After all, the parliamentary staff is Luxembourg-based because the member states, at least of the founding Six, decided that they should be, and morally if not legally the contractual terms on which they took their jobs may be reckoned to have been altered if they should now be required either to lead a gipsy life or to uproot their families, lose money in a falling market on houses bought in the Grand Duchy, and pay a premium on a rising market for houses bought elsewhere. Significantly, some middle-class wives of staff have become activists to campaign against an arbitrary rationalisation of the parliament's meeting place. Their children's schooling makes an important part of their argument.

Historically, anybody may easily see why Strasbourg originally came to be chosen as the seat for parliamentary sessions, and Luxembourg as the administrative capital of the Communities, less the Commission. Yet as the Community grows from Six to Ten, and soon to Twelve, the historic compromise, hardly less and less sense, in terms of cost, efficiency, convenience, and much else. It is time member states, as parliament now urges, took Article 216 of the Rome Treaty seriously; a start ought to be made at the summit meeting in Maastricht this week. Over to Mrs Thatcher.

David Wood

Passing picket lines into parliament

Members of the European Parliament attending the opening of a special plenary session will have to pass through a picket line formed by their own staff—an unusual experience. There will be no unseemly ill-treatment by the protesters, not even because the French police are tough and well trained. The pickets will be highly educated, meticulously paid, middle-class men and women who would not lightly allow monkeys of themselves in out of television cameras or see in particular glory in making voluntary sacrifices. Nor will they be kicking up a fuss for more pay.

The quarrel between the MEPs and their staff is about where the parliament should meet. The directly elected parliament overwhelmingly insists a single working place where plenary sessions and most committee meetings may be held. hither that single working place could be Brussels or Strasbourg, minutes to be argued, but there are very few MEPs who would say Luxembourg should be left in the orange.

Unfortunately Luxembourg, which is now being completely cut out of the rest of 1981, and perhaps good, is the town where the Parliament's administrative headquarters stand on the decision of member states, and therefore the town where staff have been obliged to make air homes and establish their families. Half the parliamentary staff of 2,000 accompanied by three loads of documents, is now committed to spending at least one day each month in Strasbourg, if about 300 also have to spend on or three weeks in Brussels, and so the staff conditions of employment that they can

Issues involved in 'Observer' sale

From Mr R. W. Rowland

Sir, I have read the letters about the sale of *The Observer*, and I think that the points publicly raised by those opposed to it are:

(1) that the sale was clandestine; (2) that the sale was in a special category of public importance and therefore subject to government inquiry; (3) that the sale of a newspaper to an international business is in itself worrisome and inhibits freedom of speech; (4) that the sale should be referred to the Monopolies Commission so that other buyers may step forward; (5) that I "should not be able to avoid the scrutiny I find an unappealing".

I shall take these points one by one. Since I have known Mr Robert Anderson he has always understood that I was interested in *The Observer*, either on behalf of Lorch or myself, if he should be minded to sell. *The Observer* made a loss of £1m in 1980, and last month Mr Anderson told me that Atlantic Richfield of which he is chief executive was prepared to sell. He preferred a joint arrangement which would continue their interests, as he thought it sustaining for the paper and the staff.

The agreement was announced, and Lorch at once arranged to see the executive director of the paper, and then the journalists and printers. Our Scottish papers sent representatives to these meetings, to give professional assurances. We also asked to see the Secretary of State. Mr Biffen, whose formal assent is needed, as Lorch already owns newspapers in Scotland, we considered the unlikely possibility of a referral, and I told Mr Anderson that Lorch had been referred to the House of Fraser bid, and my board would be unhappy to undertake two hearings in one. Accordingly we agreed my right to take up the direct interest.

The second point is that national newspaper transfers must be the subject of a Monopolies and Mergers Commission inquiry. This is simply dealt with by looking at the last few years in Fleet Street. The Beaverbrook family sold the *Express*, the *Sunday Express* and the *London Evening Standard* for £14m to the multinational Trafalgar House, whose managing director took personal charge of the *Express* Group. Mr David Astor after 27 years as owner-editor sold *The Observer* to an American oil company with international interests. *The Standard* and the *Evening News* suddenly merged to give an evening monopoly to the *New Standard*. *The Times* and the *Sunday Times* passed from a Canadian multinational to an Australian multinational company.

All these swaps passed under Conservative and Labour Governments. It is not unreasonable for us to feel that Lorch, registered in the United Kingdom and with 65,000 shareholders here, has a good claim to the same exemption, in acquiring a single unprofitable Sunday paper.

Third, that the sale of a directorship to an international business could inhibit free expression by the editor and journalists. I will take this seriously, but in my own experience and that of all people who know the world of journalism, you cannot inhibit a good journalist, and you cannot sell papers or advertising space without good journalism. I also cannot recall criticism on these grounds of the many business papers owned by large businesses. Finally, I am a party owner, the other part being owned by Atlantic Richfield, always praised by *The Observer* and its national directors as exemplary owners.

The fourth suggestion was that the sale should be referred to the Monopolies Commission, so that others may offer for *The Observer* while Lorch goes through the Monopolies Commission. I think this would be abnormal in commercial life.

Finally, that I "should not be able to avoid the scrutiny I find an unappealing" by taking a direct interest. A view put forward in your column by Mr Smith, Shadow Trade Secretary. By taking a direct interest, I would be neither making a

newspaper merger nor forming a monopoly, which are the targets of the legislation in question. Mr Smith is right in saying that I find it unappealing, and I find it unappealing to submit to further inquiry, whether on the company's behalf or my own.

I am not a newspaper proprietor, and I am accordingly complying precisely with the provisions of the Fair Trading Act, TINY ROWLAND, Hedor Wharf, Bourne End, Buckinghamshire, March 22.

From Professor L. C. B. Gower

Sir, It is a well established principle of company law that directors, at any rate without the approval, after full disclosure, of the company in general meeting (and not always even then) cannot divert to themselves or informally, property, opportunity or information. I am, therefore, puzzled by the apparent belief of the Board of Lorch that they can divert to Mr Rowland personally the benefit of the conditional offer to sell Atlantic Richfield for the purchase of a controlling interest in *The Observer*.

Nor do I understand how this would remove the necessity for the consent of the Secretary of State. Whether or not Mr Rowland has a controlling interest in Lorch, and is accordingly a newspaper proprietor in that capacity, it seems clear that Lorch (and indeed Atlantic Richfield), which is unquestionably a newspaper proprietor, and Mr Rowland are acting together to secure or exercise control of a body corporate or other association or to secure control of any enterprise or assets and are therefore to be treated as one person and a newspaper proprietor for the purpose of the Fair Trading Act 1973: see sections 7(1) and 7(1) and (4)(d).

Yours faithfully, L. C. B. GOWER, 26 Willow Road, Hamstead, NW3, March 22.

From Mr Richard Hall

Sir, The time has come for frankness about *The Observer*. The reasons for its future no longer need simply to be stated, but to ownership. The influential opponents of Mr Tiny Rowland will not be placated if he gives written guarantees a yard long that he has no wish to interfere with its editorial policies. The orchestrated campaign of refusal to refer to the Monopolies Commission has been designed to buy time while alternative proprietors can be brought into play.

For his part, Mr Rowland has shown himself capable of remarkable gyrations to resist being fended off. He says he wants to expand *The Observer* and to start a new evening paper in association with it.

As a member of the editorial staff I believe that the external editorial factors (which exert considerable pressure internally through some of my colleagues) should now name the prospective alternative buyers. We have lived too long on hints and rumours. Whoever these alternatives are, they must be rich, although the paper is profitable at this moment, it will undoubtedly require investment to sustain its position in the longer term.

Livelihoods are not at stake for most of the people intent upon this campaign. But they are for the journalists, printers and other employees. If a better buyer than Mr Rowland can speedily be produced, that is splendid. If not, we should extract from Mr Rowland all possible guarantees and press on with the business of producing a newspaper. Everything else apart, there is a duty to the readers.

Yours faithfully, RICHARD HALL, *The Observer*, 8 St Andrew's Hill, EC4, March 21.

Threat to historic view

From Lord Kennet

Sir, The recent spate of letters makes it clear that the Department of the Environment is no longer the protector of the national heritage that it used to be, and ought to be.

Here is another case. Beverley Minster is the clearest and the least known of all the thirteenth-century cathedrals and cathedrals of the country. Its base is as dazzling as its location is far from the tourist track. Recently the Beverley District Council bought the open field immediately to the south of the Minster, which was used for public open space, the structure plan gave itself planning permission for housing and sold it to a developer, presumably at a large profit. The Department of the Environment proposes to do nothing

about it, since it thinks the Minster is "not of national importance, and that the District Council is best placed to make what is a purely local judgment."

If Beverley Minster is not of national importance, then no building is. At one stroke: public open space gone, the finest view of its kind in the country destroyed, and the philanthropic central government restored to where it was before both Labour and Conservative ministers in the 1960s and 1970s undertook their proper responsibility.

If Mr Heseltine is going to pauperise local authorities with one hand, he should not turn them loose on the heritage with the other. Yours, etc, KENNET, House of Lords, March 13.

The Pope and birth control

From Mr A. Colin Bennett

Sir, I refer to the letter from Gerard Noel, editorial Director of *The Catholic Herald* (March 18). I find it surprising that, in drawing the analogy between the present Pope's ban on contraception and the condemnation of usury by Benedict XIV, Mr Noel is so certain that the latter Pope was wrong.

The "evil" of usury is that it encourages the borrower to do and purchase things that he could not otherwise afford. Might not Benedict XIV, looking at today's credit-sodden, inflationary society, feel that he had some justification? Give him all means, and generously, or lend him your wish but not at interest! Polonium get it right.

My economist friends please note. Yours faithfully, A. COLIN BENNETT, 11 Creams Buildings, EC4, March 18.

Delay on 16-plus exam

From Miss C. G. Hunter

Sir, I should like to add a comment on the article by your Education Correspondent (March 18) which

could be held to imply that this delay might be responsible for causing delay in the introduction of a single system of examining at 16+.

The Oxford Delegation of Local Examinations declared its support for a common examination system at 16+ after completion of the initial feasibility studies in 1976. The date of introduction of such a system will not be decided by any moves currently under consideration by the University of Oxford and the delegation. It will be determined by the speed with which the CSE and CSE Boards' Joint Council for 16+ National Criteria (where all boards are represented in their own right) is able to produce, for the approval of the Secretary of State for Education and Science, draft proposals for the general and subject-specific criteria intended for application nationally to syllabuses and assessment procedures in the new system.

Yours faithfully, C. G. HUNTER, Secretary to the Delegates, Oxford Delegation of Local Examinations, Ewert Place, Summertown, Oxford, March 18.

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LETTERS TO THE EDITOR

MPs' role in Canada's constitution

From Mr J. C. Carson

Sir, Visiting London from Canada in the week of March 2—I was pleased to be drawn into many probing discussions on the Canadian constitutional issue. I have come home with renewed respect for the British parliamentary understanding and wisdom.

Press reports in our two countries vary widely on British reaction. Canadian sources are quoted frequently on what Mrs Thatcher did or did not say, how her aides now interpret her position. Parliamentarians are attributed no appreciation of the issue if, indeed, attributed as, for example, your March 5 article, "Labour MPs urged to oppose Trudeau move" and Lord Alport's letter on the same date.

The Canadian Federal Government's vigorous campaign at home and abroad in support of the "all-or-nothing" package concept of their constitutional request. The arguments of the provinces in opposition make the mistake, in my view, of responding to the "package" argument or else delving deeply into the fine details.

The justice of the Canadian request is found in a simple analysis. The "package" has three distinct parts. First is the basic request that the British North America Act become legislation of Canada rather than of the United Kingdom. This has the broad appeal of motherhood and is totally unopposed in Canada, save for the abstainers who think that Westminster's been co-operative and a fair over-see through the years.

Second in the package is an amending formula. It has a two-year life span after which, failing permanent adoption, the issue is to be taken to public referendum. While it may disagree with the precise formula, no sensible person can envisage a variation of the constitution without some amending formula. The alternative is hopeless frustration of course and I believe Canadians can well cope with the proposal as it stands.

The injustice of the Canadian request lies in the third element: the Charter of Rights. To replace and expand upon the existing Canadian Bill of Rights of 1960, which the courts here have found frequently ineffective, the new Charter protects language rights,

minority group rights and personal freedoms. Unfortunately, it goes on to allocate between federal and provincial governments the rights over natural resources including newly developing oil industry, and hence to allocate tax and legislative control. Here lies the villainy. Perhaps the Charter formula is the best one upon all considerations, and perhaps it is not. In any case it is the cornerstone of the vociferous provincial opposition.

Canada has a battle on its hands over the Charter. To my mind it is the greatest of inequities that the Canadian Federal Government should seek to cloak that battle in the shrouds of an indivisible "package" and thus ask Westminster to adjudicate on our Government's favour so hotly disputed an issue. Without comment on the merits of opposing views of the Charter, I submit that the battle is domestic to Canada. To be fought and settled here.

The Charter is itself an amendment to our constitution and improperly included in any concept of "patriation". I am gratified that many British MPs recognize this and I am persuaded that your Cabinet fully understands.

I fear that Westminster may not have the power to decline a formal Canadian request, which is yet to be presented. Our Manitoba Court of Appeal has, by a majority, acknowledged Federal Government supremacy to act alone. The Supreme Court of Canada has yet to be heard. Politically, were Westminster to decline, there would be great jeopardy to the status of the Monarchy in Canada which now enjoys overwhelming support. Mr Trudeau's support is known to be, at best, limited.

For these reasons, Canadians must indeed entrust to your parliamentarians and particularly to Mrs Thatcher and her Cabinet the skill and dexterity to generate and resolve the Canadian Government's request. Mr Trudeau's "package" should be reduced by one-third. The process is presently at the persuasion stage and I hope that my nation may see one more act of exemplary judgment and statesmanship from the source of our system of government.

Yours faithfully, J. C. CARSON, The Simpson Tower, Box 33, 401 Bay Street, Montreal, March 12.

Hayman case questions

From Mr Michael Woodhead

Sir, I believe that Mr Geoffrey Dickens, MP, was entirely right to name Sir Peter Hayman in the House of Commons in connection with the recent child pornography trial. It is never easy for a Member to speak out against the advice of senior colleagues, and I think that Mr Dickens's decision was commendable.

At the present time, too many people in public life are ready to excuse criminal behaviour, condone gross immorality and advocate the relaxation of laws that provide at least some check upon anti-social behaviour and perverted practices. There has never been a greater need for those who believe in decent standards to speak up without fear or favour.

Yours faithfully, MICHAEL WOODHEAD, 9 College Road, Buxton, Derbyshire, March 18.

From Mr R. P. T. Davenport-Hines

Sir, Until a week ago, only a few unfortunate in Huddersfield, had heard of Mr Geoffrey Dickens, and no-one who has watched him performing his stunt can suppose that he has one scintilla of Sir Peter Hayman's unselfish ability. Mischievous avidity for headlines is no substitute for talent or hard work, as Mr Dickens will have time to reflect when he disappears back into his political obloquy next week.

Your obedient servant, R. P. T. DAVENPORT-HINES, 3 Pembroke Square, W2, March 18.

From Mrs W. Gardener

Sir, The naming of the retired diplomat has indeed served one good purpose. It has removed suspicion from all other retired diplomats still extant. Yours faithfully, WENDY GARDENER, 25 Foutte Avenue, Denbigh, Havant, Hampshire, March 18.

From Mr Nicholas B. Morley

Sir, What does Mr Geoffrey Dickens hope to achieve by disclosing the

name of Sir Peter Hayman? Pseudophilia is a neurotic symptom. As a psychoanalyst I constantly encounter evidence that psychosexual problems stem from a faulty parent-child relationship.

It is true that 4,000 children are missing, most between 12 and 17 years of age, why is this so? Could it be that these children want to get away from an unhappy home life?

Mr Dickens claims to have personal power behind him. Could it be that these parents, who may feel guilty about their attitude to their children, are looking for scapegoats to alleviate their own guilt?

With a healthy upbringing, children can develop normal sexual attitudes, avoiding deviations, such as pseudophilia.

Yours faithfully, NICHOLAS B. MORLEY, 514 Clive Court, Maida Vale, W9, March 20.

From Mr E. M. Hall

Sir, I had hoped to be able to remain silent about Sir Peter Hayman since the lives of his family are known to me personally, and since I feel deeply sorry for his family. But the letter from Mr Julian Fellowes (March 19) obliges me to write to you on the subject.

Mr Fellowes seems to be saying: "Why all the fuss about such a slight and pathetic offence?" I do not know whether all or indeed any of the subscribers to or members of the Pseudophilia Information Exchange are practising or merely academic students of the shameful subject-matter, but I do believe that such a "service" may well create a climate favourable to the development of a perversion which may place children at serious risk.

If someone posing as a pillar of the establishment badly lets down the establishment, then I cannot see why the establishment should want to protect him. Sir Peter Hayman has won some small sympathy from me if he had stayed to face the music, instead of disappearing abroad.

Yours faithfully, E. M. HALL, 6 Fair Mile, Henley on Thames, Oxfordshire, March 19.

Sport and South Africa

From Mr C. E. Bluel

Sir, Mr S. Ramsamy of SAN-ROC (letter, March 13) should understand that many people in the Western world are revolted by the sort of political and social systems prevalent in many of the countries of Africa and the Third World. They are characterized by a mixture of brutality, corruption and incompetence that imposes upon their unfortunate peoples such a degree of misery and uncertainty that they might be all too happy to accept a chance to live in South Africa, even if this entailed submitting to the indignities suffered by the black people of that country. He says nothing of the countries of the Soviet block and those who adhere to its ideology which systematizes the deprivation of almost all normal liberties. His inconsistent application of dual standards leads him and his like into an apparent hypocrisy that is unedifying in anyone claiming to be concerned with the rights of man.

If we were all to follow the arguments of Mr Ramsamy, and ban all individuals associated with any political system of which we disapproved, we would all end up playing only with ourselves. Yours faithfully, C. E. BLUEL, 16 Beaufort Gardens, SW3, March 13.

Making hay

From Mr E. D. Graham

Sir, The Budget contains no proposals to raise a tax from betting but your photograph (March 17) of helicopters being used to dry grass at Cheltenham suggests that the horse racing fraternity is not lacking in funds.

Yours faithfully, E. D. GRAHAM, Brooks, St James's, SW1, March 19.

Root of inflation?

From Master James H. Pratt

Sir, I note in your report (March 18) of question time yesterday, that the Prime Minister stated that a majority of 14 was 1,400 per cent better than a majority of 1, a statement greeted with Conservative laughter and cheers.

In the absence of any further comment from either side of the House of Commons, I am led to deduce that there, in a nutshell, is encapsulated both the reason for the appalling mismanagement of our economy and the lack of success in discussing the lady from her determined course.

Yours sincerely, JAMES H. PRATT, The Old Vicarage, Parishbourne, Kent Canterbury, March 19.

THE TIMES
BUSINESS NEWS

GARRARD
buy antique and
modern jewellery
and silver

Has Sir Geoffrey
gone
too far?
Page 17

Stock markets

FT Ind 329.9
FT Gilt 73.61

Sterling
\$2.2651
Index 106.2

Dollar
Index 87.5
DM 2.0670

Gold
\$317.50

Money
3 mth sterling 12.12
3 mth Euro \$ 12.14
6 mth Euro \$ 12.14
Friday's close

National
Savings
pass
£2,000m

The National Savings movement has beaten its target of attracting £2,000m of new funds this financial year. With a net intake of £365m in February, the inflow in the first 11 months has reached £2,115m.

After the record increase of £431m in January, National Savings has continued to attract large sums of new money. National Savings Certificates attracted net sales of £201m—£97m being in index-linked issues.

The other big draw was the Investment Account which attracted a net £109m. Accrued interest is estimated to have added £47m to the overall increase during the month.

The Chancellor said that he hopes National Savings will attract more than £3,000m in the next financial year, raking in pressure off the gilt market.

Coffee exports review

Members of the international coffee pact met in London today to review the workings of the export quota system and the possibility of starting talks in a new agreement. The organization's council will be asked to consider applications for membership from Sri Lanka, as producer, and Singapore as a consumer. Sri Lanka is building up its coffee exports.

0 per cent pay cut

Seventy workers employed by John Branch, a Peterborough building company, have agreed to take a 10 per cent pay cut to avoid redundancies. It will cost them up to £10 a week in lost wages. A spokesman said: "The recession in the building industry has caused a drop in orders and the wage reduction will help maintain full employment."

70m rates cut

The Government is to continue industrial derating in Scotland and pressure by the BI. This will save Scottish industry paying over £70m in extra rates. Under derating, Scottish manufacturing industry pays only half of the gross annual value added by local authority assessors.

IP oil search

Marathon oil has agreed to arm out three exploration wells in the Celtic Sea off Ireland to British Petroleum. It will sink a number of wells to earn a 50 per cent interest in the blocks.

Dearer bottles

Glass bottle manufacturers are to raise their prices by 6.8 per cent next month, and at least half of the increase will be passed on in the form of higher shop prices.

Company closes

A. & R. Smyth, a Liverpool motor company, went into voluntary liquidation at the weekend making 17 employees redundant. Mr R. F. Smyth, managing director, said the company had failed to get bank support to meet its wages bill.

Laveley plant shuts

British Steel has made 330 redundant at its spun iron plant at Slaveley near Chatterton, Derbyshire. The recession in the steel industry. This is the second round of redundancies at the works—last year 500 lost jobs.

lassey sales double

Massey-Ferguson has doubled share of the British big tractor market in less than 18 months. After launching its 400 series in 1979, MF captured 32 per cent of the total in the 100 to 150 horsepower sector last year, and 38 per cent in the 100 to 125 horsepower range—taking over the market leadership.

Lira devalued by
6pc as part of
austerity moves to
rescue economy

From John Earle,
Rome, March 22

The Italian government tonight announced a 6 per cent devaluation of the lira against the other currencies in the European Monetary System. This was approved at a Sunday night meeting of the cabinet which also decided on an unprecedented credit squeeze to protect the currency against an economic crisis which has suddenly worsened in the last two days.

The Bank of Italy's discount rate was raised to a record 20 per cent from the 16.5 per cent at which it has stood since September. Banks will have to place as obligatory reserves 20 per cent of the monthly increases in their deposits instead of 15.75 per cent as hitherto.

A government statement said the lira had been under intense pressure recently on international markets. It had fallen below its permitted EMS level and corrective action had had to be taken.

Internal demand in the economy continued to be relatively high and the demand for credit remained greater than was desirable. After the recent rises in interest rates in West Germany and other EMS countries, it was necessary for Italy to take restrictive measures.

The statement added that the other members of the European Community had agreed to accept Italy's request for a 6 per cent cut in the lira's central rate against the other EMS currencies.

This would give the Bank of Italy room for manoeuvre in its efforts to defend the currency. The lira will continue to have a wider oscillation band of 6 per cent against the other EMS currencies, compared to the 2.25 per cent band allowed for other EMS members.

Signor Arnaldo Forlani, the prime minister, was in almost continuous consultation since Friday evening with the economic ministers and with Signor Carlo Ciampi, the

Governor of the Bank of Italy, about the measures to be taken.

The situation came to a head after Signor Giorgio La Malfa, the budget minister, decided to withdraw from the agenda of Friday morning's cabinet meeting the issue of approval of the 1981-83 economic plan which his ministry has drawn up.

A series of defeats in parliament, coupled with a run of unexpectedly bad economic indicators, made the plan appear to be unworkable.

In particular, the opposition in parliament forced through a provision to reduce the fiscal drag on lower bracket income tax levels, estimated to cost the government over 1,000,000 lire (over £440m).

While inflation continues at an annual 20 per cent, statistics issued at the end of the week showed a record balance of payments deficit in February of 1,641,000 lire (£720m), a January trade gap of 1,497,000 lire, and a public sector deficit which is moving towards 46,000,000 lire from the target of 37,500,000 lire.

The announcements were made while Signor Forlani and his four-party coalition cabinet were discussing a package of austerity measures to rescue the country's economy.

Before the cabinet meeting, the prime minister warned Italians in a television interview that they would have to make sacrifices to curb inflation and overcome a soaring deficit in the balance of payments.

The monetary committee in Brussels said the new value of the European Currency Unit would be made available before the foreign exchange markets open today.

Pressure on the lira had forced the Bank of Italy to spend an estimated \$1,000m (£426m) supporting its currency in the last three trading days of last week.

On Friday, the bank reported that the balance of payments deficit in February had been the largest in Italy's history.

Shipyards set for improved wages offer

By Donald Macintyre
Labour Reporter

British Shipbuilders is expected to make an improved pay and productivity offer to its 70,000 manual workers and staff during tough negotiations which resume in Newcastle upon Tyne today.

The Confederation of Shipbuilding and Engineering Unions (CSEU) is likely to tell the corporation's management that while it agrees that the group is losing £2m a week, it will not accept the present pay offer of 5 per cent increases tied to stringent productivity conditions.

The two sides clashed sharply when negotiations opened on March 3. Mr Robert Atkinson, the Shipbuilders' chairman, told the unions that he viewed their claim with "profound astonishment" and said that if it was

mer in full it would add 27 per cent to the labour bill.

The corporation is determined to keep any settlement within single figures, but there is a prospect of modest improvement in basic rates together with some modification of the productivity conditions, provided there is evidence that progress will be made in the talks.

Under the present offer, minimum time rates for skilled workers would increase by £3 to £63 a week, for semi-skilled by £2.65 to £55.65 and for the unskilled by £2.25 to £47.25. The minimum earnings level in shipbuilding for skilled workers would increase from £96 a week to £102.

However, increases would be paid only in yards where union representatives had agreed to productivity

measures outlined in a series of national guidelines.

The corporation is likely to argue that a pay settlement little over BL's 6.8 per cent deal with its manual workers last year is needed if it is to continue to win orders.

The productivity guidelines include an overtime limit; a jointly monitored recruitment ban; a substantially improved interchangeability between trades; a national outline agreement on the introduction of new technology; and the joint declaration of a "no strike" policy.

Assuming that negotiations begin in earnest despite the wide gap between the two sides, the corporation may decide to modify its demand that local productivity agreements be reached before the national increase can be paid.

One possibility is that a joint monitoring committee on productivity, mentioned in the original offer, would be given the responsibility of reporting monthly on progress made at yard level to the joint management and union meetings.

Reports of the March 3 meeting show management's belief that productivity has fallen since nationalization and that while the shipbuilders had hoped to recoup £43m out of the total cost of last year's settlement, through improved working practices in areas where it can be quantified only £21m was recovered.

The management, which estimates that the full claim would cost between £93m and £114m, told the unions that "the cost of failing to achieve the planned working practices was very significant".

Doubts on attractions
of index-linked gilts

By John Whitmore

The investment managers of the country's pension funds will decide this week whether to tender for the Government's first issue of marketable index-linked debt, and if so, at what price to pitch their bids.

After the initial enthusiasm that greeted the announcement of the stock on Budget day it is clear that some fund managers are now taking a more lukewarm attitude towards the issue.

The basic attraction of the stock is that it is the only investment available to fund managers that guarantees to keep pace with inflation. On those grounds alone many fund managers will feel that they must have a tranche of the stock in their portfolios.

Although conventional gilt-edged stocks could turn out to be far more attractive holdings if inflation continues to fall, there is a widespread feeling that, given the experience of the last 10 years, considerable uncertainty still attaches to long term gilt-edged investment.

A number of fund managers are, however, extremely sceptical about the attractions of the terms on which the new stock is being offered.

They are even more sceptical about the apparent stock market consensus last week that the new stock will be fully subscribed at a price of 110 to 115 at which

level the real rate of return falls to around one per cent. Several fund managers even doubt that the stock will be fully subscribed at all.

Most pension funds are looking for a return of about 11 per cent over the annual growth in earnings, for it is movements in earnings rather than prices that finally determine their liabilities.

With earnings tending, over time, to grow about two per cent per annum faster than prices, this means that funds are looking for real returns in relation to price movements of about 3.5 per cent. This compares with the two per cent coupon being offered on a stock that will be linked to the retail price index.

One fund manager described the new stock last week as the only investment he knew that was guaranteed to produce an actuarial deficit.

Another dismissed the argument that a one or two per cent real rate of return was about the best one could hope for these days as defeatist.

Although pension funds had found it tougher going coping with the high inflation of the 1970s, over a longer time span they had produced much better returns than was commonly supposed.

The new stock is £1,000m of 2 per cent index-linked Treasury stock and goes on offer for sale on Friday.

Financial Editor, page 17

Steel producers close
to accord on curbs

From Peter Norman
Brussels, March 22

Representatives of Europe's leading steel producers appeared tonight to have made some progress towards an agreement on a voluntary system for limiting production and deliveries.

It is believed that some agreement has been reached and further negotiations will take place in Luxembourg on Sunday and Monday of next week.

About 80 representatives of companies in the European steel-makers' organization have been meeting in the headquarters of the Arab concern in Luxembourg since Friday afternoon to reach a voluntary pact before the deadline of April 1 set by EEC industry ministers earlier this month.

The agreement is necessary to replace the mandatory production controls on steelmaking in the EEC that have been operated by the European Commission since last October and which are due to expire at the end of June. The companies rely in Luxembourg for production around 80 per cent of EEC steel.

The production quotas operated by the Commission were intended to produce a rise in steel prices that would improve the profitability of the European steel industry and enable it to carry through its restructuring measures.

In recent weeks, however, the Brussels regime has come under increasingly sharp attack from West German steelmakers who say that it is not preventing the import of cheap subsidized steel from other EEC member states and that these imports are threatening the future of Germany's generally modern and efficient industry.

According to government sources in Bonn, Herr Helmut Schmidt, the West German Chancellor, is expected to complain bitterly at the European summit which begins tomorrow.

of the way in which he feels other member states have coped to subsidize their steel industries.

Private sector talks: The outcome of the talks in Europe will have a crucial bearing on the discussions taking place in Britain between the British Steel Corporation and private sector steel producers in rationalization of the main areas where they compete and where there is severe overcapacity (Peter Hill writes).

Although one of the "phoenix companies" has been formed, involving a joint venture company between GKN and the corporation to embrace the wire rod and associated interests of the two, discussions on a second company to cover engineering steels, appear to have faltered.

Agreement had been reached in principle for the corporation to acquire the steelmaking interests of Dupont.

The second company would also encompass activities of Round Oak, the company jointly owned by Tube Investments and the corporation and GKN, and Hadfield's, the steelmaking subsidiary of Lorrain, as well as some of the facilities of Dupont.

But reports yesterday that Hadfield has asked the corporation for £30m for its steel-making operations were hotly contested by Mr Derek Norton, the company's chief executive.

Bank contract: The British Steel Corporation and Redpath Dorman Long, its steel construction subsidiary, have been shortlisted for one of the prestige construction contracts of the decade (David Hewson writes).

The two companies and three foreign rivals are competing for the £39m contract for the base of the new Hongkong and Shanghai Bank headquarters which may, when completed, turn out to be the world's most expensive commercial development.

Attempt to
cut off
the fake's
progress

By Derek Harris
Commercial Editor

The Stanley knife, one of the best-selling mass-produced tools in the world, is the target of a new wave of counterfeiting from the Far East.

Stanley Tools, Sheffield, a subsidiary of the United States-based Stanley Works group, is warning retailers about copies of its knife and Powerlock retracting rule which look exactly like Stanley products except for the name labels.

The knife bears the name Sparta and is styled to look like the Stanley emblem. It can be identified in small print on the packaging, which is also an exact copy of Stanley's, as coming from Taiwan. The rules carry various names which imitate the Stanley presentation, but give no country of origin.

Mr Paul Wright, Stanley's marketing manager, said that retailers had withdrawn the items after a warning from the company that legal action had not been necessary.

It had not been possible to trace the importers, action against whom would be the most effective course. He hoped to take up the case of the counterfeit knives directly with the Taiwanese authorities and an investigation into the counterfeiting of other Stanley items in Taiwan was being made by the United States parent company.

The fake version of the retractable blade knife was not unsafe, but the quality of the counterfeiting was with some blades soft and others brittle.

The fakes have been selling at between half and two thirds the price of the genuine article which retails at about £2.40.

Stanley Tools has not yet been able to assess the volume of the fakes coming into this country but they have been turning up in various areas without any apparent pattern of distribution. "They have been coming along in waves for some months, the last one just before Christmas", Mr Wright said.

The Federation of British Hand Tool Makers is to ask the Department of Trade to investigate the absence of a counterfeiting mark on the rules.

Stanley has had sporadic counterfeiting problems before, notably with its plastic-handled window scraper, including faking by an Italian manufacturer, but until now British manufacturers' anxiety about the extent of foreign counterfeiting has largely been the effect on export markets.

The Department of Trade has already taken a number of courses to deal with this problem which has been estimated to cost British industry at least £200m a year.

Pressure to counteract counterfeiting has been applied particularly to authorities in Taiwan and South Korea.

The Anti-Counterfeiting Group, formed by 21 British manufacturers, is now exchanging information on how best to deal with counterfeiting.

NatWest chief joins
windfall tax attack

By Richard Allen

Mr Robin Leigh-Pemberton, chairman of the National Westminster Bank, has made a fierce attack on the Government's proposals to impose a windfall profits tax on the banks, in his annual report published today.

Adding to the clearing banks' campaign against the move, Mr Leigh-Pemberton declares that the case for a special tax on the grounds that bank profits have been excessive as a result of high interest rates "cannot be sustained".

He argues that in the context of the group's total balance sheet, last year's profits of £410m reported last month, represent only 1.3p for every £1 lodged with the bank.

Although this compares well with average returns throughout the banking industry, it is nevertheless "no more than is required to maintain, through retentions, the capital base of a bank which continues to expand in real terms and which has to maintain sound capital ratios in an inflationary period".

On the lending front, Mr Leigh-Pemberton reports that 1980 saw a substantial increase in loans to business. The bulk of this increase, he says, was due to "voluntary" borrowing by manufacturing and service industries to meet working capital needs in an inflationary period.

He said that banking profits tend to be cyclical "and it would seem that the downward trend of this cycle has already begun". The bank's declared policy of supporting customers through the recession "will inevitably put an increased strain upon our resources".

The new tax is expected to cost NatWest around £100m, the equivalent of almost two fifths of last year's £258m contribution from its domestic banking division. This contribution represented a 40 per cent drop on the previous year partly caused by a threefold increase to £120m in the bank's provision for bad and doubtful debts.

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Mr Robin Leigh-Pemberton: strain upon resources

The chairman claims that as a result of efforts to support industry in this way the bank in fact incurred substantial penalties under the supplementary special deposits scheme.

Sir Freddie, who was in Los Angeles for the inaugural flight of his Skytrain service from Manchester and Prestwick said that the "joint venture" with Ansett, the airline partly owned by Mr Rupert Murdoch, would be disclosed to a Civil Aviation Authority hearing in London on Wednesday.

"However, I believe we have submitted the best case, and the CAA will choose us", he said. British Caledonian had asked the CAA to reopen the hearings specially so that it could resubmit new evidence.

"The object of the British Civil Aviation Act is that Britain should get a bigger share of the cake. All the Caledonian operation would suggest is that they get only half of it", he said.

The Australian route, now being served by British Airways and Qantas, was like the North Atlantic route and been ready to "explode". He had been trying since 1969 to get the licence to fly to Sydney, Melbourne and Perth.

"I believe the British are poised to accept the principle of competition between Britain and Australia", he said. "I believe—and of course, I'm notorious at being wrong—that we have submitted the best case."

Loan inquiry: Senator William Proxmire has called on the United States Government's general accounting office to investigate new details about a loan by the Export Import Bank for \$200m to Ansett Transport Industries (Frank Vogl writes).

The plan is embodied in a report, entitled "Chemicals in Crisis" which says that employment within the industry is now declining at an unprecedented rate. More than 20,000 jobs disappeared in 1980 and the union fears that the loss this year could be even greater.

Investment is being hit by "disastrous cutbacks" and is now expected to fall by about a third in value between 1978 and 1982.

The plan urges the Department of Industry to become involved in discussions with employers and unions on long-term employment and investment in chemicals.

It says that ENOC could play "a dynamic role, developing the use of North Sea feedstocks—possibly by becoming a major petrochemicals producer itself".

The plan also calls for government action to "tame the multinationals"—presumably including Shell, BP and Esso—which it accuses of having consistently directed investment projects overseas to the detriment of jobs in this country.

It also wants import controls to curb the flow of low-cost chemicals, particularly from the United States and the state-trading nations of Eastern Europe.

Meanwhile, Mr David Horner, the president of the Chemical Industries Association, has written to the Prime Minister asking for urgent measures to be taken on energy pricing policy and expressing his disappointment at the Government's "inadequate" response to some of the conclusions of a recent report.

Laker faces challenge
from Caledonian link

From Ivor Davis
Los Angeles, March 22

Sir Freddie Laker, who is preparing for a new round in the long-running battle to win the lucrative Australian passenger market, said that he believed British Caledonian, his main rival, wanted to go into partnership with Australia's Ansett airline to carry passengers.

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Reuss report opposes almost every important economic proposal
Democrats launch attack on Reagan budget

Leading Democratic Party members of Congress have decided to mount a full-scale attack on President Ronald Reagan's budget and general economic policies.

The Democrats are calling for lower interest rates, tax cuts directed mainly at low and middle income earners, and stronger government assistance to the poor, the unemployed and small businesses.

The Republicans have produced their own report providing wholehearted support for President Reagan.

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administration's tax cuts will add to inflation and will benefit mainly the wealthiest Americans. They call for immediate action to cut taxes for lower income groups at least to offset fully the \$16,300m (£7,200m) rise in social security taxes that went into effect on January 1.

They recommend instead a series of funding programmes and new tax cuts to strengthen the weakest parts of industry, from youth employment training schemes to tax credits linked to creating new jobs.

The Reagan administration opposes these approaches, believing that free market forces can produce better results.

The Democrats support lower government spending, although they do not specify exactly where they want to make cuts. They want to see more spending on foreign aid, the development of strategic oil reserves and funding for conservation and energy supply projects.

Reagan's opposition to the Democrats' proposals is justified, the Democrats believe that the present high interest rate policies are causing problems for America's allies and that closer international coordination is needed to prevent "interest rate wars". They think that all

governments should place emphasis on fiscal policy to fight inflation rather than on monetary policy.

The Democrats also call on the White House to "develop in concert with our allies an explicit national policy towards the Organization of Petroleum Exporting Countries".

Many Democrats and almost all Republicans will not agree with suggestions made in the report that the President should be given standby authority to control wages and prices and that the Federal Reserve Board should move to discourage the banks from lending funds for business takeovers and commodity speculation.

The latest report complements an effort headed by Congressman James Wright of Texas, the majority leader in the House of Representatives, to win publicity by stressing that the economy is not nearly as bad as President Reagan suggests and that milder medicine than that advocated by the President is justified.

The extent of the opposition to Mr Reagan's programmes on Capitol Hill is difficult to determine, despite the attacks by the leaders of the Democrats.

BY THE FINANCIAL EDITOR

Taking stock of indexation

This Friday will be a red-letter day in the history of United Kingdom capital markets. The first issue of marketable, index-linked government debt goes on sale after years of lobbying by the indexation aficionados. The offer, £1,000m nominal of 2 per cent Treasury Stock 1995, is restricted to domestic pension funds. It will be fascinating to see the kind of price they are prepared to pay for such an investment.

Understandably, many people still feel instinctively uncomfortable about the introduction of index-linked government debt. They see it, however strongly the government may protest to the contrary, as an unhealthy concession in the fight against inflation; they argue that it is potentially extremely costly if inflation is not brought under control; and they feel that it strengthens the government's "unfair" advantage over the private sector borrower.

The first argument is not without point, and one might well feel much happier about seeing the government use indexation in a situation in which the central bank was a

should now that inflation is coming down. Capital ratios are comfortable enough to suggest that there is no immediate need for rights issues until lending volumes start to pick up at home and overseas.

The main challenge for the banks is how they will approach their domestic operations. The 1980 results from the clearers yet again raise all the old questions about the cost structure of the parent banks, since if profits at home are under such pressure when average base rates have actually improved, as they did last year, what is going to happen to profitability when interest rates start to ease.

In previous downturns the banks have been able to protect their margins to some extent by widening the spread between base and deposit rates. Over the last two years competition between the banks and other financial institutions has reduced the scope for this course and indeed the banks may have to compete more vigorously if they are to tap the "unbanked" market, while the Standard Chartered-Royal Bank merger will in the long-term add another force to high street banking.

At the same time the banks have been saddled with an astonishingly high cost structure. The latest profits figures have shown the scars of the high salary increases in recent years. Staff levels have continued to rise through the recession elsewhere in the economy which has reduced the normal natural wastage element.

Already one or two clearers have started to mention the word redundancy, and in at least one instance a working party has been set up to review staffing levels. Current account deposits already cost at least 8 per cent to collect which severely reduces the endowment cushion the banks relied on in the past when interest rates got back into single figures. For the past decade the banks have concentrated on automation as one of the main ways of containing costs, but this is becoming increasingly capital intensive, notably in the new point-of-sale technology.

The main bull case, however, for bank shares over and above their low ratings at the moment is that profits, even if on the way down this year, still represent a better return on capital than in manufacturing industry.

British Sugar The price has gone up

Sometime this week Mr Biffen may make up his mind on the S. & W. Berisford bid for British Sugar Corporation on which the Monopolies Commission has just completed its report. But conditions have changed so much in the 10 months since the £124m offer was unveiled that Berisford may not want to go ahead even if it is allowed to.

The problem is not whether Berisford can raise the cash, but whether BSC is now such a desirable property at the price a buyer will have to pay. Berisford bought its shares in BSC—of which it holds 10 per cent—at around 150p. The market valued BSC at 263p on Friday, thereby valuing the company at around £158m. When Berisfords offered cash and shares worth 207p per BSC share, the sugar producer was worth £112m.

So if Berisford wants to renew the offer it will obviously have to pay much more. Berisford's reserves at the end of 1980 stood at £104m, and there is little doubt that banks would be willing to lend it money. But a bid of £3 a BSC share would need £180m, and at £3.50 the price would be £221m. It is unlikely that Berisfords would want to pay all of this in cash, so a part share offer, resembling the 1980 bid, is an alternative.

The difficulty here is that Berisford's shares have fallen noticeably since last May, from 152p just before the bid to 113p. This partly reflects the one-for-two capitalization issue made by Berisford.

While BSC is currently yielding 8.4 per cent after the classic defensive move of raising its dividend, Berisford is slightly lower, removing one major incentive to BSC shareholders to switch allegiances.

Berisford's attractiveness may also have been weakened by warnings from the chairman, Mr Ephraim Margulies, that the current year is tough going. At last Berisford's profits will be roughly the same as last year's £36m, and at worst they could fall to £30m. BSC, by contrast, is underpinned by the EEC sugar regime. Berisford can still afford BSC—the secretary of state permitting—but it could well decide that the company has become too dear.

Nicholas Hirst on the problems posed by the Budget tax levy on North Sea oil companies

Has Sir Geoffrey gone too far?

Has the Chancellor gone too far in increasing taxes on companies producing oil from the North Sea?

It would be extraordinary if the companies did not complain about the tax changes, announced in the Budget speech. They have done so over every increase that has been made less the impression be given that they might be easy prey for yet more changes. But the protests do seem much louder this time. What are we to make of them?

Every government wishes to take the maximum advantage of oil production in its territory while not hitting the producers so hard that they take their exploration and development efforts elsewhere. The problem, as a former deputy secretary of the Department of Energy was fond of saying, is that no government knows how hard it can press the companies until they start to reduce their activity.

Even then it is difficult to tell whether a fall in exploration, such as that which occurred towards the end of the Labour administration, is as a result of over-restrictive financial conditions, or for entirely different reasons such as a drop in the real value of the oil price.

The effect of the introduction of the supplementary petroleum duty at a rate of 20 per cent and other changes to petroleum revenue tax is to take £1,000m out of companies' revenues this year. This is equal to a third of the money likely to be spent on exploration and the development of new fields. The Government's reason for imposing it is to remove the windfall gains made as a result of the increase in the oil price over the past two years.

The companies maintain that the tax changes made before the introduction had already taken care of the rise in oil prices. Returns, they argue, are being forced to unacceptably low levels. Development will be delayed and exploration fall, threatening the continuation of self-sufficiency in the 1990s.

By the most amazing attack from the Government's point of view, has come from Mr Philip Shelbourne, chairman and chief executive of the British National Oil Corporation, a man who was appointed by the present Government, a banker of outstanding reputation and a natural conservative.

The impact of what he had to say about taxes in a speech to an invited audience at the Stock Exchange last week was dulled by his attempts to rekindle interest in a North Sea investment fund for industrial investment, but the message was blunt and to the point. North Sea taxes were now too



At work on a production platform in the BP Forties oilfield: will the tax slow exploration rate?

high and had resulted in the cancellation by BNOC of a small extension of the Thistle field in section six of block 211/18.

Direct warnings have come from others within the industry. Shell United Kingdom said it is reappraising exploration in deep waters, another important North Sea group has said it is bound to slow up development. Occidental has deferred development of North Claymore and Tricentral believes that North America, where funds are small, is now a more attractive place to search for all than the North Sea.

But for all the companies' Protestations, none have withdrawn from the seventh round of licensing which attracted the largest number of applications of any round so far, and there is every indication that an eighth round would be just as successful.

For all the threats that investment will have to be cut-back, with the few isolated examples already mentioned, there is little evidence of it happening. In fact, cut-backs in investment are unlikely to show up for two years or more. Projects already underway have to be completed and it is only as new projects are evaluated that the effects of the new tax will become apparent.

There can be no doubt that the new tax will have unfortunate effects. By speeding up cash payments to the exchequer it militates against small developments linked to fields already in production. Such investments would, under the old regime, have slow payment of PRT, lessening their attraction. The danger of the new tax is that such oil finds may never be developed.

It also increases the amount of reserves required to be found for a profitable development. The companies argue that as finds are becoming smaller, less frequent, and increasingly in deeper, more hostile waters, this is a foolish thing to do.

But just how far it increases the size at which a field becomes marginally profitable and how far that matters at this stage in the North Sea's development, is debatable.

The larger groups believe that the average size of a marginal field may have been increased from 50 million barrels to 150 million barrels of recoverable reserves while smaller operators believe that it may have risen from 20 million to 50 million barrels.

Many more fields of 50 million barrels and over are going to be found, and it is the larger fields that ought to be developed first. The large oil companies have argued that the more knowledge that is gained about the amount of oil in the North Sea, the better, but then it is more in the interests of the big groups to explore for reserves that may not be developed for ten or fifteen years, than it is for the smaller companies which have greatly increased their importance and numbers in the seventh round.

The Government is embarking that the increase in taxes will slow either exploration or development to the extent that self-sufficiency is put at risk. The danger is that it will be impossible to tell that is happening until it is too late. It is wrong to look at these taxation moves as a disguised depletion policy because the development it will effect is beyond the expected surge in output expected in the mid to late 1980s.

So far supplementary petroleum duty has been introduced for an 18-month period only. The Government will need to watch very carefully, that it is not cutting back too hard. The changes to PRT continue after that 18-month period, and in some instances they look as harsh as the introduction of SPD. The effects of that must be watched carefully too. As yet, the companies case is not proven, but that is not to say it might not be.

Michael Prest

Marriages of convenience in US mining

'The timing of these bids is not just coincidence or an outbreak of spring madness by oil companies with more money than sense. It stems from two strategic factors—mining companies are cheap and the relative cost of natural resources will rise over the next couple of decades.'

considerably stronger and more independent institution. That said, index-linked debt alone will not allow governments to get away with reflation at will.

The second argument, relating to cost, is misconceived. If the government can sell stock on the basis of a 2 per cent real return—and some investors are talking of buying it on a one per cent real return or less—that can hardly be termed expensive per se. It may be that it will prove expensive if the money is not put to good use, but that is another matter.

It may, of course, be that the nominal cost of repayment will be much higher than the overall cost of servicing a conventional issue with, say, a 13 per cent coupon. But if that proved the case it would almost certainly mean that the 13 per cent stock would have failed to produce a real return.

Investors who cry out for real returns should at least be consistent when they don their taxpayers' hats.

As far as the argument over unfair competition goes, there seems little reason for concern in terms of theory. Is there not, for instance, a strong case in equity for putting all building society finances on to an index-linked footing? And why should companies which happily offered long term real returns to investors in periods of low inflation be afraid (given the right tax arrangements) of seeing their own index-linked stocks now?

The answer, unhappily, is that, whatever the theory, in practice high and unstable levels of inflation make it very much more difficult for the private sector to plan anything sensibly, let alone whether investments with uncertain returns should be funded by conventional or index-linked means. It is really in this sense more than any other that the government's latest addition to its funding armoury could be seen as "unfair" competition.

Banks
Living without windfalls

With Midland Bank bringing the reporting season for the clearers to a desultory close last week, the sector looks to be hedged with more uncertainties than usual, not least because the bank strike will be a crucial test of management's strength. The first tranche of the windfall profits tax will have to be paid at the end of this year, and although the banks have not yet decided how to treat this for accounting purposes, the most likely outcome is that it will appear as an extraordinary charge after tax in the profit and loss account and certainly not as a balance sheet item.

Despite the damage this will do to reputations, the banks appear to be more relaxed about their balance sheets than for some time in the past, as indeed they

Business Diary profile: Edmund Dell, City Social Democrat

In Thursday months of Labour fighting, Tory floor-crossing and Centre for Social Democrats as a party. The new party already has its former Labour Cabinet ministers, in alphabetical order, by Jenkins, David Owen, Bill Rodgers and Shirley Williams. On or shortly after Thursday, however, the new party can expect a fifth recruit from Jim Callaghan's front bench. This is Edmund Dell, Labour's "No Minister". No Jim Hacker here, according to *The Times* accomplished departmental minister, highly respected in cabinet and in Cabinet committees.

Like Roy Jenkins, Dell resigned ministerial office—he was Secretary of State for Trade—not to go into Europe, but to return to the City. Jenkins is a part-time director of organ Griffiths. Dell full-time chairman of the traders' and merchant bankers' Guinness.

Dell, who is 59, would seem ill-qualified for equal billing with the new party with his four former colleagues, but so far at there is little sign.

His was among the 100 signatures to the recent declaration of support, but Dell says he is not involved in running the party nor in raising money for it in the City.

This might seem a little out of character for a man who was in office for all but two of his 16 years in Labour government, and moreover a man of whom an old friend and former political colleague said "Just see to it that you run things".

Two sides of Dell's character may explain this. One is that he lost what taste he had for politics even before he entered the House 19 years ago, and has even less taste for intra-party feuds.

The second reason why Dell's shoulder is not to the City, Democrat wheel may be that

his former colleagues have yet asked to stay on and "help out" teaching the bulk of demobbed undergraduates.

He had planned to go into industry, and into ICI in particular, because "I like to run things. It was a very big responsibility in which the opportunity to run things would be present."

His lecturing at an end, he quit Oxford, which he says "terrified" him with the temptation to "sit on your bottom for the rest of your life".

Dell headed for ICI and Manchester, where by 1963 he was running things indeed in what is now ICI's organic division, where he was head of the Indian sub-continent operation.

But this time, too, he had long been active in local Labour politics, and was a member of the City Council. It is from Manchester rather than Westminster his fondest political memories spring.

The councillors, Labour or otherwise, were "a group of intelligent people trying to see how best to run Manchester".

Of Westminster, he says: "I don't think anyone who has spent a significant time in industry can believe these sentimental party battles in the Commons are of interest or value to anyone."

He is pleased, however, to have recommended and later introduced petroleum revenue tax, the state's bid for a slice of North Sea oil profits.

Dell contested Middleton and Prestwich in 1955, lost, and his interest in party politics wan-

ing, did not look for another seat.

And then, in 1963, came along yet another of those opportunities: the safe seat of Birkenhead fell vacant. Dell's nomination was secured for him less by his own efforts than by those of his friends, fellow Manchester MPs and later ministerial colleagues, Joel Barnett and Robert Sheldon.

"I don't suppose any member of Parliament has ever done less to get a parliamentary seat than I did," he remembers. "I'm not interested in party games."

The party, however, was interested in Edmund Dell, whatever his game. Within two years of entering the House he was in office and there, save for the Heath years, and until his resignation in 1979, he remained.

It was during the Heath interregnum that another opportunity presented itself. Dell was introduced by Sir Harold Wilson to Lord Kissin, founder of the modern fortunes and then chairman of Guinness Peat.

Lord Kissin took to Dell and asked him to join the board of what is now the group's Linford associate. After Dell's return to office, Lord Kissin then suggested the minister succeed him on his retirement, which took place two years ago.

When I visited Dell at his office in St Mary at Hill, I produced, as previously I'd said I would, a small tape-

recorder to help me take notes. "I hope you don't mind..." I began, testing the device, when Dell chimed in: "I do mind, actually... I don't like having conversations in the presence of electronic equipment."

This is a bit rich coming from the man who is also founder-chairman of the Channel Four TV company, but then Edmund Dell is a man who likes to run things, interviews included.

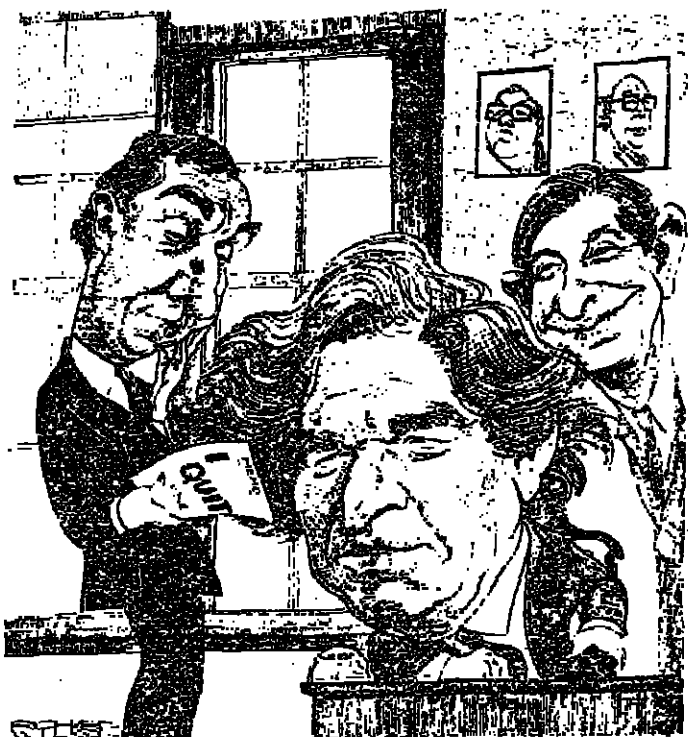
One thing Dell says he would like to see on Channel Four, which goes on air late next year, is people in business having a better opportunity to put their point of view, presumably in the presence of electronic equipment—and being able to discuss their problems "before informed interviewers and before a more informed public."

Dell himself is said to be running Guinness Peat rather more firmly than Lord Kissin, now group president, perhaps at first envisaged.

How long will he continue to do so? Guinness Peat is said to be of interest to two possible buyers, one interested in the trading side, the other—some say Jacob Rothschild—in the Guinness Mahon bank's status as an accepting house.

But if there is more to this than City rumour, what of it? For Edmund Dell, something usually turns up.

Ross Davies



The No Minister: Edmund Dell (centre), former Labour Secretary of State for Trade, who resigned office to take a job in the City, and Yes, Minister actors, Nigel Hawthorne (left) and Derek Fowlds.

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